

Delta County Joint School District No. 50J

FINANCIAL STATEMENTS AND REPORTS OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2021

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STATE SECTION

COLORADO DEPARTMENT OF EDUCATION – AUDITOR’S INTEGRITY REPORT



INDEPENDENT AUDITOR'S REPORT

March 1, 2022

Board of Education
Delta County Joint School District No. 50J
Delta, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Delta County Joint School District No. 50J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Vision Charter Academy were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Delta County Joint School District No. 50J, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Education
Delta County School District

Emphasis of Matter

As described in Note N to the financial statements, the District restated beginning fund balance and net position due to an error in the internal service fund. Our opinions were not modified with respect to this restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budget to actual schedules for the general fund and major special revenue funds, and pension schedules on pages 3-10 and 62-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, the Auditor's Integrity Report of the Colorado Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the Auditor's Integrity Report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information listed above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Chadwick, Steinkirchner, Davis & Co., P.C.

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Management's Discussion and Analysis

The Delta County Joint School District No. 50-J is located in western Colorado and encompasses approximately 1,800 square miles in Delta, Gunnison, Mesa, and Montrose counties. The District serves the communities of Delta, Crawford, Cedaredge, Hotchkiss and Paonia as well as surrounding rural areas. Over 4,800 students are served district-wide including the Technical College.

This discussion and analysis provides an overall view of the District's financial activities for the fiscal year 2020-2021. The intent of this analysis is to look at the District's financial performance as a whole. Complete understanding of the fiscal performance of the District may require reading of the basic financial statements for the District.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

- In total, the ending net position increased \$14.8 million from the previous year on a Government-wide basis due to Coronavirus Relief Funds in the current year which were recognized as revenue when the funds were spent, but were considered a liability in the prior year. The District's share of pension liability (PERA) is \$76.4 million.
- At the end of the current fiscal year, the fund balance for the General Fund was \$9.6 million. The General Fund has recorded a liability of \$2.2 million for salaries and benefits of school personnel who work nine months of the year and are paid over twelve months. Colorado State law does not require the liability to be funded or budgeted until the year in which it is to be paid. At the direction of the Board of Education in the past, the District continues to budget and fund this liability.
- The District's long-term obligations increased by \$8.6 million. The bond long-term liability decreased by \$1.8 million. The District's net pension liability increased by \$11.1 million. The State not contributing to the PERA fund is the main factor of the District's liability increasing so significantly. The District's certificates of participation and the District's portion of OPEB, "Other Post-Employment Benefits", both decreased in the current year.
- General revenues accounted for \$36.6 million or 63% of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, general interest and other revenues not related to specific programs. Program specific revenues accounted for \$21.6 million or 37% of the District's total revenues of \$58.2 million.
- The District had \$44.1 million in expenses, of which \$21.6 million were offset by program specific revenues from charges for services and sales, grants and contributions.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are arranged with the intent that the reader can understand the Delta County Joint School District as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds with all other non-major funds presented in total in a single column. For the Delta County Joint School District No. 50J, the General Fund is the most significant fund. The remaining statements provide financial information about the activities for which the District acts solely as a trustee or agent for the benefit of those outside the reporting entity.

Reporting the District as a Whole

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole, looks at all the financial transactions and asks the question, "How did we do financially during the 2020-21 fiscal year?" The statement of *net position* and the *statement of activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. The accrual basis of accounting takes into account all the current year's revenues and expenses.

These two statements report the District's net position and changes in that position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be a result of many factors, some financial, some not. Non-financial factors include enrollment levels, statutorily required reserves, facility conditions, required educational programs and changes in accounting principles.

In the statement of net position and the statement of activities, the District financial data is reported in the broad category titled Governmental Activities.

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities, as well as student aid programs from the Technical College. All activity is reported here.

The government-wide financial statements include not only the District, but also a legally separate charter school, Vision Charter Academy (VCA), for which the District is financially accountable. Financial information for the VCA is reported separately from the financial information presented for the District itself under the heading: Discretely Presented Component Unit.

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the District's most significant funds. The District's major governmental funds include the General Fund, Grants Fund, Technical College of the Rockies, Building Fund, Capital Reserve Fund and the Bond Redemption Fund. Other governmental funds that are aggregated on the governmental fund financial statements include the Food Service Fund and the Student Activities Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District's fund financial statements are divided into three broad categories: (1) governmental funds, (2) fiduciary funds, and (3) proprietary funds.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accrual method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

Fiduciary Funds

The District is a trustee, or fiduciary, for the Private Purpose Scholarship Trust Fund and one agency fund, the student activity fund. All of the fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the governmental funds because the District cannot use these funds to finance its operations. The District is responsible for ensuring that these funds are used for their intended purposes.

Proprietary Funds

A proprietary fund is a fund that governmental entities use to report business like activities. In FY 18-19, the District transferred funds from the self-funded employment benefit fund from the general fund into a proprietary fund. The District's health insurance fund is a self-funded insurance plan, that is funded by employee premiums and premiums paid by the school district.

Summary of the District's net position for the fiscal year 2020 compared to 2021 (in thousands).

Statement of Net Position
Governmental Activities

<u>Assets</u>	<u>FY 20</u>	<u>FY 21</u>
Current & Other Assets	\$ 30,892	\$ 26,521
Capital Assets, Net	59,954	59,940
Total Assets	<u>90,846</u>	<u>86,461</u>
<u>Deferred Outflows</u>		
Pensions	9,400	19,142
OPEB related deferred	342	350
Loss on debt refunding	188	133
Total Deferred Outflows	<u>9,930</u>	<u>19,625</u>
<u>Liabilities</u>	<u>FY 20</u>	<u>FY 21</u>
Current	11,255	7,040
Long-term	75,787	84,432
Total Liabilities	<u>87,042</u>	<u>91,472</u>
<u>Deferred Inflows</u>		
Pensions	47,990	33,837
OPEB related	748	1,016
Total Deferred Inflows	<u>48,738</u>	<u>34,853</u>
<u>Net Position</u>		
Net Investment in Capital Assets	51,093	52,901
Restricted for Emergencies	1,492	1,421
Restricted for Debt Service	3,069	3,124
Unrestricted	(90,657)	(77,684)
Total Net Position	<u>\$ (35,003)</u>	<u>\$ (20,239)</u>

Statement of Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the fiscal year 2020 and 2021 (in thousands).

Governmental Activities

<u>Revenues:</u>	<u>FY 20</u>	<u>FY 21</u>
Program Revenues:		
Charges for Services and Sales	\$ 5,162	\$ 4,846
Operating Grants and Contributions	10,000	15,231
Capital Grants and Contributions	5,480	1,539
Total Program Revenue	<u>20,642</u>	<u>21,616</u>

General Revenues:

Property Tax	10,995	10,936
State Equalization	27,771	23,689
Specific Ownership	1,638	1,744
Insurance Proceeds	-	184
Investment Earnings	171	6
Fed. Mineral/Forest Leasing	14	10
Total General Revenue	<u>40,605</u>	<u>36,569</u>
Total Revenue	61,249	58,185

Governmental Activities

	<u>FY 20</u>	<u>FY 21</u>
Program Expenses:		
Instruction	21,630	21,475
Support Services:		
Student Based	1,923	2,789
Instructional Staff	1,336	2,609
General Administration	1,389	662
School Administration	3,030	2,645
Business Services	959	859
Operations & Maintenance	4,314	4,547
Pupil Transportation	1,162	1,156
Central Support Services	2,483	2,626
Community Services	105	(8)
Food Service	1,365	1,401
Student Aid	130	238
Interest and Fiscal Charges	290	177
Unallocated Depreciation	2,878	2,882
Total Expenses	<u>42,994</u>	<u>44,059</u>
Change in net position	18,254	14,125
Net position, beginning	(53,257)	(35,003)
Prior period adjustment	-	639
Net position, ending	<u>\$ (35,003)</u>	<u>\$ (20,239)</u>

While assessed valuation has increased, the district is dependent on state revenue for general fund activities. In 2021, approximately 65% of General Fund revenue was from state funding sources. In 2014 the amount of state support was 57%. This increasing dependency on the state is a cause for concern if state revenues decline and the budget stabilization factor is increased.

The District's Funds

The funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$58,173,919. Total governmental funds had expenditures and other financing uses of \$57,756,071.

The General Fund had an overall decrease in fund balance of (\$741,980). This decrease is due in large part to a Board approved transfer of \$2M into the Capital Reserve Fund in which it was budgeted to go into Fund Balance.

The Technical College of the Rockies (TCR) fund balance decreased in 2021 by (\$96,425). The Coronavirus pandemic impacted this decrease at TCR. State funding decreased (\$776,307). Funding for technical colleges overall saw a decrease in 2021.

The Building Fund was closed in 2021. The building fund was for the Delta Middle School BEST project. The project was completed in 2021.

The Capital Reserve Fund increased fund balance by \$1,647,814. The Capital Reserve Fund was supplemented with funding from COVID-19 grants in 2021.

The Bond Redemption Fund had an increase of \$54,666 in fund balance.

The balance of the aggregated 'Non-major Governmental Funds' had a decrease in fund balance of (\$262,680). Food Service and Student Activity Funds make up these balances.

General Fund Budgeting Highlights

The District's procedure in establishing the budgetary data reflected in the financial statement is summarized in *Note A (4)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The District uses a line-item based budget. The budgeting systems are designed to control line-item expenditures, but provide flexibility for overall budgetary management.

For the General Fund, final budgeted revenues and other financing sources were \$38,313,807. Actual General Fund revenues and other financing sources came in above budget by \$402,618.

Actual expenditures and other financing uses were budgeted to be \$36,286,970 and came in under budget by \$838,861. In 2021 the districted budgeted to use fund balance of \$2,819,062. Between the extra revenue received, the underspending of expenditures and the \$2M transfer to Capital Reserve, only \$741,980 of fund balance was expended. In June, the State decided that districts could retain the Coronavirus Relief Funds (CRF) At-Risk funding as general fund dollars. This resulted in an additional \$203,872 to general fund. During 2021 the State determined that districts were able to use CRF to pay for increased instructional hours that were originally decreased in spring 2020 which totaled \$1,548,095.

The Board of Education and management continue to strive to budget appropriate amounts for each individual line item. The overall goal is to provide services in the most economical and efficient manner.

Capital Assets and Debt

Capital Assets

At June 30, 2021, the District had \$59,939,621 million in capital assets (net of accumulated depreciation), including buildings fixtures, and vehicles. The following reflects the balances of fiscal year 2020 compared to fiscal year 2021.

Capital Assets at Fiscal Year End
Net of Depreciation

	<u>FY 20</u>	<u>FY 21</u>
Land	\$ 760,178	\$ 760,178
Buildings and Improvements	55,912,843	54,390,578
Work in Progress	808,266	1,939,230
Food Service	48,795	40,271
Furniture, Equipment and Vehicles	2,424,149	2,809,364
Totals	<u>\$ 59,954,231</u>	<u>\$ 59,939,621</u>

Debt

On June 30, 2021 the District had \$5,250,155 million in outstanding General Obligation refunding bonds for the capital construction projects for the District’s five communities. The bonds are paid from a mill levy in the Debt Service Fund.

The District also has a Certificate of Participation loan as the matching portion of a BEST grant to build a new Cedaredge Elementary with a balance due of \$1,436,051.

The District also entered into a Lease purchase of \$380,000 for the purchase of a building to serve as the new District Office. The balance owed as of June 30, 2021 was \$242,825.

The District entered into a lease purchase to upgrade teacher computers in 2019. The balance due as of June 30, 2021 was \$109,863.

The District also has long-term liabilities for early retirement and compensated absences in the amount of \$939,664.

Current Issues, Economic Conditions and Outlook

The State economy was hit hard with the onset of the Coronavirus pandemic. The economy has been strong but State funding and enrollment have decreased. The District’s main funding source for the General Fund is Total Program, which is a combination of property taxes and backfill from the State’s fund. Currently, the State is funding our district 73% of total program.

The District has seen a drop of enrollment from 2020 to 2021 by 248.5 total FTE. The District has provided students and parents options during this pandemic, including in-person learning and an online option being provided through Edgenuity and Colorado Digital Learning Systems.

The District and Technical College have healthy fund balances that will be utilized if needed to get through the pandemic.

The District and the Technical College have received Federal funding to help mitigate the spread of the virus, and to also keep the continuity of learning during this time.

The District continues to use the Strategic Plan that was implemented in 2016. Some of the projects related to the Strategic plan for the 2021 school year are to purchase social studies and math curriculum materials. Continuation of the Capturing Kids Hearts program, and introducing the Science of Teaching and Learning (STL). The District is committed to educating the “Whole Child”, and these tools help

us with that goal. The school district continues the initiatives of the ALICE school safety program. The District is continuing to use Beyond Textbooks, a program introduced in the 2019-2020 school year. These programs align teaching strategies, provides a pacing calendar, and a component of teach and reteach in math and reading.

The major initiative for the new year is the reconfiguration of the North Fork area. The District has two high schools, one in Paonia and one in Hotchkiss, and this initiative will combine these two high schools into one high school, North Fork High School. Paonia Elementary School K-6 will be moved to the Paonia Highschool location and will become Paonia K-8. In this reconfiguration, both schools will be remodeled and the high school will be rebranded with their new mascot The North Fork Miners.

Contacting the District

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finance and to show the District's accountability for the money it receives. You may visit the District's website for other financial information. The website is: Deltaschools.com

If you have any questions regarding this report or need additional financial information, please contact the:

Delta County Joint School District No. 50J

145 West 4th Street, Delta, CO 81416. Tel: 970-874-4438 Fax: 970-874-5744

The **Technical College of the Rockies**, a component unit of the Delta County Joint School District No. 50J, also issues a public annual financial statement and all the required supplemental information. That report may be obtained by writing to the address listed above.

The **Vision Charter Academy** is a charter school within the district boundaries. Some of their financial data is listed as a component part of the district in the audit. Their audit may be viewed on their website at: Visioncharteracademy.org

The contact information is:

Vision Charter Academy

263 Main St., Delta, CO 81416. Tel: 970-874-8226 Fax: 970-874-8336

BASIC FINANCIAL STATEMENTS

Delta County Joint School District No. 50J

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Discretely Presented Component Unit
ASSETS		
Cash and investments	\$ 16,573,181	\$ 1,029,689
Restricted cash and investments	5,297,621	-
Receivables		
Taxes	1,442,101	-
Grants	2,523,059	-
Other receivables	333,563	256,627
Inventories	228,568	-
Prepaid expense	122,956	-
Capital assets (net of accumulated depreciation):	59,939,621	728,588
Total assets	<u>86,460,670</u>	<u>2,014,904</u>
DEFERRED OUTFLOWS		
Pension related deferred outflows	19,142,161	1,966,190
OPEB related deferred outflows	350,102	40,180
Deferred loss on debt refunding	133,047	-
Total deferred outflows	<u>19,625,310</u>	<u>2,006,370</u>
LIABILITIES		
Accounts payable	418,534	9,617
Accrued salaries and benefits	2,623,605	144,785
Claims payable	496,382	-
Other liabilities	32,893	-
Unearned revenue	696,854	5,870
Noncurrent liabilities:		
Due within one year:		
Bonds	1,775,000	-
Certificates of participation and capital leases	228,692	-
Loan payable	-	13,254
Longevity payable	197,140	-
Compensated absences	571,212	-
Due in more than one year:		
Bonds	3,475,155	-
Certificates of participation and capital leases	1,560,047	-
Loan payable	-	489,233
Longevity payable	171,312	-
Net pension liability	76,447,042	4,957,537
Net OPEB liability	2,778,288	180,160
Total liabilities	<u>91,472,156</u>	<u>5,800,456</u>
DEFERRED INFLOW OF RESOURCES		
Pension related deferred inflows	33,836,981	2,020,855
OPEB related deferred inflows	1,015,528	62,747
Total deferred inflows of resources	<u>34,852,509</u>	<u>2,083,602</u>
NET POSITION		
Net investment in capital assets	52,900,727	226,101
Restricted for emergencies	1,420,507	133,106
Restricted for debt service	3,123,572	-
Unrestricted	(77,683,491)	(4,221,991)
Total net position	<u>\$ (20,238,685)</u>	<u>\$ (3,862,784)</u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Primary Governmental Activities	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities						
Instructional services	\$ 21,475,388	\$ 2,365,960	\$ 10,180,874	\$ 115,354	\$ (8,813,200)	\$ (2,079,527)
Support services:						
Student based	2,788,657	1,335,199	1,414,330	-	(39,128)	36,219
Instructional staff services	2,608,587	-	219,036	-	(2,389,551)	(93,789)
General administration	662,059	693,469	-	-	31,410	(78,595)
School administration	2,645,036	-	-	-	(2,645,036)	(157,450)
Business services:						
Business services	858,670	97,767	-	-	(760,903)	(188,821)
Operations and maintenance	4,547,001	248,885	-	1,423,901	(2,874,215)	(388,354)
Pupil transportation	1,156,459	20,855	246,651	-	(888,953)	
Central services	2,626,442	-	-	-	(2,626,442)	70,065
Community services	(7,834)	-	-	-	7,834	-
Food services	1,400,765	83,600	1,887,045	-	569,880	-
Student aid programs	238,233	-	1,283,059	-	1,044,826	-
Interest on long-term debt	177,475	-	-	-	(177,475)	(15,958)
Depreciation - unallocated	2,882,109	-	-	-	(2,882,109)	-
Total primary government	<u>\$ 44,059,048</u>	<u>\$ 4,845,735</u>	<u>\$ 15,230,995</u>	<u>\$ 1,539,255</u>	<u>(22,443,063)</u>	
Component unit	<u>\$ 3,595,609</u>	<u>\$ 9,606</u>	<u>\$ 432,559</u>	<u>\$ 257,233</u>		<u>\$ (2,896,211)</u>
General revenues:						
Property taxes					10,936,317	-
State equalization					23,688,873	4,160,252
Specific ownership taxes					1,744,112	-
Insurance proceeds					183,547	-
Investment earnings					6,246	57
Federal mineral and forest leasing					9,587	-
Total general revenues					<u>36,568,682</u>	<u>4,160,309</u>
Change in net position					14,125,619	1,264,098
Net position - beginning					(35,003,295)	(5,126,882)
Prior period adjustment					638,991	-
Net position - beginning, restated					<u>(34,364,304)</u>	<u>(5,126,882)</u>
Net position - ending					<u>\$ (20,238,685)</u>	<u>\$ (3,862,784)</u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Grants Fund	Technical College	Capital Reserve Fund	Bond Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,327,223	\$ -	\$ 990,078	\$ 4,179,943	\$ 3,020,223	\$ 1,075,937	\$ 19,593,404
Receivables:							
Taxes	1,216,139	-	-	-	225,962	-	1,442,101
Grants	307,177	1,745,254	470,628	-	-	-	2,523,059
Due from other funds	763,551	-	-	-	-	-	763,551
Other receivables	37,529	-	34,305	-	-	261,699	333,533
Inventory	130,989	-	-	-	-	97,579	228,568
Prepaid expense	64,330	1,415	51,713	3,668	-	1,830	122,956
Total assets	\$ 12,846,938	\$ 1,746,669	\$ 1,546,724	\$ 4,183,611	\$ 3,246,185	\$ 1,437,045	\$ 25,007,172
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 200,966	\$ 149,445	\$ 45,438	\$ 497	\$ -	\$ -	\$ 396,346
Accrued salaries and benefits	2,170,564	276,710	79,616	15,354	-	81,361	2,623,605
Due to other funds	-	762,100	-	-	-	1,419	763,519
Unearned revenue	76,511	558,414	27,141	34,788	-	-	696,854
Total liabilities	2,448,041	1,746,669	152,195	50,639	-	82,780	4,480,324
Deferred inflow of resources							
Unavailable property tax	752,005	-	-	-	122,613	-	874,618
Total deferred inflows	752,005	-	-	-	122,613	-	874,618
Fund balances							
Nonspendable:							
Inventories and prepaid expenses	195,319	-	51,713	3,668	-	99,409	350,109
Restricted for:							
TABOR emergency reserve	1,386,379	-	34,128	-	-	-	1,420,507
Donor restricted	-	-	32,875	-	-	-	32,875
Preschool	372,520	-	-	-	-	-	372,520
Debt service	-	-	-	-	3,123,572	-	3,123,572
Assigned to:							
Subsequent budget	456,243	-	-	-	-	-	456,243
Food service	-	-	-	-	-	605,969	605,969
Student activities	-	-	-	-	-	648,887	648,887
Capital projects	-	-	-	4,129,304	-	-	4,129,304
The Nature Connection	172,786	-	-	-	-	-	172,786
DAAL	42,456	-	-	-	-	-	42,456
Technical College operations	-	-	1,275,813	-	-	-	1,275,813
Unassigned	7,021,189	-	-	-	-	-	7,021,189
Total fund balances	9,646,892	-	1,394,529	4,132,972	3,123,572	1,354,265	19,652,230
Total liabilities, deferred inflows, and fund balances	\$ 12,846,938	\$ 1,746,669	\$ 1,546,724	\$ 4,183,611	\$ 3,246,185	\$ 1,437,045	\$ 25,007,172

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2021

Amount reported for governmental activities in the statement of net position
are different because:

Total fund balances - governmental funds	\$	19,652,230	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$119,734,396 and the accumulated depreciation is \$59,794,775.			59,939,619
Revenue related to property taxes receivable in the funds is only presented for "available" amounts as defined in the footnotes. The remainder is a deferred inflow in the funds. All of the revenue related to the property tax receivable is recognized in the statement of activities. This the amount of the difference between the two treatments.			874,618
Bond discounts, premiums, and losses on refunding are reported as other financing items in governmental funds; however, they are recorded as assets, liabilities, or deferred outflows in the statement of net position and amortized over the life of the bonds.			
Bond premiums	\$	(100,155)	
Loss on refunding		<u>133,047</u>	32,892
Accrued interest is not due and payable in the current year, and therefore, is not reported in governmental funds.			(16,233)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in governmental funds.			
Compensated absences payable		(571,212)	
Retainage payable		(16,660)	
Early retirement payable		(368,452)	
Bonds payable		(5,150,000)	
Certificates of Participation and Leases payable		<u>(1,788,739)</u>	(7,895,063)
Internal service funds are used to account for the costs of medical insurance. The assets (\$2,277,398) and liabilities (\$518,570) of the fund are included in governmental activities in the statement of net position.			1,758,828
Net pension and OPEB liabilities and the related deferred inflows and outflows of resources are not recorded in the funds.			
Deferred inflows pension and OPEB		(34,852,509)	
Deferred outflows pension and OPEB		19,492,263	
Net pension liability		(76,447,042)	
Net OPEB liability		<u>(2,778,288)</u>	<u>(94,585,576)</u>
Total net position - governmental activities	\$		<u><u>(20,238,685)</u></u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021

	General Fund	Grants Fund	Technical College	Capital Reserve Fund	Bond Redemption Fund	Nonmajor Governmental Funds	Total
Revenues							
General property taxes	\$ 8,823,016	\$ -	\$ -	\$ -	\$ 1,918,857	\$ -	\$ 10,741,873
Specific ownership taxes	1,744,112	-	-	-	-	-	1,744,112
Intergovernmental							
Federal sources	725,273	6,971,478	1,321,875	-	-	1,872,575	10,891,201
State sources	25,580,242	1,487,735	701,065	761,334	-	183,673	28,714,049
Local sources	1,840,341	1,084,525	1,394,982	414,763	-	-	4,734,611
Interest and other revenues	3,441	-	374,425	-	2,834	967,373	1,348,073
Total revenues	38,716,425	9,543,738	3,792,347	1,176,097	1,921,691	3,023,621	58,173,919
Expenditures							
Current							
Instructional services	20,538,370	6,409,871	1,455,380	-	-	-	28,403,621
Pupil services	1,106,585	864,487	1,294,854	-	-	-	3,265,926
Instructional staff support	1,685,375	1,265,464	-	-	-	-	2,950,839
General administration	518,860	-	-	-	-	-	518,860
School administration	3,592,447	235,355	-	-	-	-	3,827,802
Business support	534,197	-	474,371	-	-	-	1,008,568
Operations and maintenance	4,097,541	518,514	-	181,255	-	-	4,797,310
Transportation	1,437,422	122,885	-	-	-	-	1,560,307
Central services	1,905,475	11,916	-	-	-	995,488	2,912,879
Community services	31,837	-	-	-	-	-	31,837
Non-instructional student services	-	115,246	-	-	-	-	115,246
Student aid programs	-	-	238,233	-	-	-	238,233
Food service	-	-	-	-	-	1,714,423	1,714,423
Capital outlay	-	-	425,934	3,203,840	-	680,231	4,310,005
Debt service							
Principal	-	-	-	167,670	1,710,000	-	1,877,670
Interest and fiscal charges	-	-	-	65,520	157,025	-	222,545
Total expenditures	35,448,109	9,543,738	3,888,772	3,618,285	1,867,025	3,390,142	57,756,071
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,268,316	-	(96,425)	(2,442,188)	54,666	(366,521)	417,848
Other financing sources (uses)							
Transfers in (out)	(4,022,521)	-	-	3,918,680	-	103,841	-
Insurance recoveries	12,225	-	-	171,322	-	-	183,547
Total other financing sources (uses)	(4,010,296)	-	-	4,090,002	-	103,841	183,547
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(741,980)	-	(96,425)	1,647,814	54,666	(262,680)	601,395
Fund balances beginning of year	10,388,872	-	1,490,954	2,485,158	3,068,906	1,616,945	19,050,835
Fund balances end of year	\$ 9,646,892	\$ -	\$ 1,394,529	\$ 4,132,972	\$ 3,123,572	\$ 1,354,265	\$ 19,652,230

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		\$ 601,395
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which depreciation and capital outlay changed.</p>		
Capital outlay	\$ 3,660,451	
Depreciation expense - governmental activities	<u>(3,622,207)</u>	38,244
<p>Governmental funds do not report capital assets and, therefore, do not report the net book value of capital assets and any gain or loss on their disposal.</p>		
		(52,856)
<p>In the governmental funds, expenditures for compensated absences, early retirement, retainage payable and pension and other post-employment are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. These amounts (increased)/decreased by:</p>		
Compensated absences	(9,886)	
Early retirement payable	52,246	
Pension expense	12,782,772	
Other post employment benefit obligations	<u>135,313</u>	12,960,445
<p>Interest expense is recognized as an expenditure in the governmental funds when due, which requires the use of current financial resources; however, in the statement of activities, interest expense is recognized as the interest accrues regardless of when it is due. This amount is the decrease in accrued interest for the year.</p>		
		3,725
<p>Some levied property taxes will not be collected until after the District's year end, which are not considered "available" revenues in the governmental funds. However, they are recognizable in the statement of activities. This amount is the increase in unearned property taxes for the year.</p>		
		(194,455)
<p>Proceeds from debt issuance provide current financial resources to governmental funds, but increase liabilities in the statement of net position. Principal repayment is an expenditure in the governmental funds, but reduces liabilities in the statement of net position.</p>		
Debt principal payments		1,932,628
<p>Internal service funds account for the costs of medical insurance. The revenues and expenses of the fund are included in governmental activities in the statement of activities.</p>		
		(1,149,894)
<p>Discounts and premiums on the issuance of debt reduce or increase current financial resources in the governmental funds at the time of the issuance. However, these items are allocated over the term of the debt on the statement of activities.</p>		
Amortization of loss on refunding	(55,056)	
Bond premium accretion	<u>41,443</u>	(13,613)
Change in net position of governmental activities		<u>\$ 14,125,619</u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF FUND NET POSITION
 PROPRIETARY FUND

June 30, 2021

		<u>Governmental Activities - Internal Service Fund</u>
	ASSETS	
Current Assets		
Cash and cash equivalents		2,277,398
Total assets		<u>2,277,398</u>
	LIABILITIES	
Current Liabilities		
Accounts payable		22,188
Claims payable		496,382
Total liabilities		<u>518,570</u>
	NET POSITION	
Unrestricted		1,758,828
Total net position		<u><u>\$ 1,758,828</u></u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND

For the Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Operating revenues	
Fees	\$ 5,350,677
Stop loss revenue	2,132,649
Rebates	<u>252,342</u>
Total operating revenues	7,735,668
Operating expenses	
Insurance claims	7,581,362
Administration fees and premiums	<u>1,304,501</u>
Total operating expenses	<u>8,885,863</u>
Operating income (loss)	(1,150,195)
Nonoperating revenue (expense)	
Interest income	<u>301</u>
Change in net position	(1,149,894)
Total net position, beginning	2,269,731
Prior period adjustment	<u>638,991</u>
	<u>2,908,722</u>
Total net position, ending	<u><u>\$ 1,758,828</u></u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

For the Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 7,735,668
Cash payments to suppliers for goods and services	<u>(8,740,995)</u>
Net cash provided (used) by operating activities	<u>(1,005,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>301</u>
Net cash provided (used) by investing activities	<u>301</u>
Net increase (decrease) in cash and cash equivalents	(1,005,026)
Cash and cash equivalents at beginning of year	<u>3,282,424</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,277,398</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (1,150,195)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
Accounts payable	(13,207)
Claims payable	<u>158,075</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,005,327)</u></u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

June 30, 2021

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 4,669	\$ 29,265
Total assets	<u>\$ 4,669</u>	<u>\$ 29,265</u>
LIABILITIES AND NET POSITION		
Liabilities		
Due to student groups	\$ -	\$ 29,265
Total liabilities	-	29,265
Net position		
Restricted for perpetuity	2,251	-
Restricted for scholarships	<u>2,418</u>	<u>-</u>
Total net position	<u>4,669</u>	<u>-</u>
Total liabilities and net position	<u>\$ 4,669</u>	<u>\$ 29,265</u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

Year ended June 30, 2021

		<u>Private Purpose Trust (College)</u>
ADDITIONS		
Investment income		\$ 1
	Total additions	<u>1</u>
DEDUCTIONS		
Banking fees		-
	Total deductions	<u>-</u>
Change in net position		1
Net position, beginning		<u>4,668</u>
Net position, ending		<u>\$ 4,669</u>

The accompanying notes are an integral part of this statement.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Delta County Joint School District No. 50J (the District) are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

1. Financial Reporting Entity

The Delta County Joint School District No. 50-J is organized under the laws of the State of Colorado and is governed by an elected Board of Education.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The Legislature of the State of Colorado enacted the “Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101” in 1993. This Act permits the District to contract with individuals and organization for the operation of schools within the District. The statutes define these contracted schools as “charter schools”. Charter schools are financed from a portion of the District’s School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the District’s Board of Education must approve all charter school applications and budgets. Based on criteria set forth in GASB Statements, the Vision Home & Community, Inc. dba Vision Charter Academy has been included in the District’s basic financial statements in a separate column, as a discretely presented component unit. Complete financial statements of Vision Charter Academy can be obtained from the administrative offices of the District.

The College is an entity legally separate from the District. Although it is legally separate from the District, the College is reported as if it were part of the primary government because it is governed by the same elected Board of Education of the District that exercises oversight and direction and retains accountability. The College issues a publicly available annual financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the College at 1765 Hwy 50 South, Delta, CO 81416 or by calling (970) 874-7671.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Based on the criteria discussed above, the financial statements of the reporting entity include those of the District (the primary government), the Technical College of the Rockies (a blended component unit), and Vision Charter Academy (the discretely presented component unit).

2. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the financial condition of the activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the District.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major funds. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and presented as nonmajor funds.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The District reports on the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to general statutory laws. The General Fund includes Insurance Reserve and Preschool Program activity.

Technical College of the Rockies – Technical College of the Rockies accounts for the activities of the vocational college. The College provides post-secondary vocational training in the Delta-Montrose and surrounding areas.

Bond Redemption Fund – The Bond Redemption Fund is used to account for the accumulation of resources for, and the payment of, long-term debt obligation principal, interest and related costs.

Grants Fund – The Grants Fund is used to account for revenues and expenditures as proscribed for various federal, state and local grantors as awarded to the District.

Capital Reserve Fund – The Capital Reserve Fund accounts for revenues and expenditures for the acquisition of ongoing capital needs not funded with debt proceeds.

The District reports the following major proprietary fund:

Insurance Fund – The Insurance Fund is an internal service fund used to account for revenues and expenses associated with health insurance claims and premiums.

The District reports the following fiduciary funds:

Private Purpose Trust Funds – These funds are used to report resources that are legally restricted to the extent that only earnings and not principal may be expended for student scholarships.

Agency Funds – These funds are maintained by the College and are monies held for student-managed activities and for activities of a state-managed small business development sub-center.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund is charges for health insurance premiums. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and payments of health insurance claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position or statement of fund net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide and governmental fund statements.

Basis of Accounting

While the measurement focus identifies which transactions and events should be recorded on the financial statements, the basis of accounting determines when transactions and economic events are reflected in financial statements.

Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The District considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Grants, entitlements, and interest are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on long-term debt is recorded when due.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and proprietary fund financial statements are prepared using the accrual basis of accounting.

Governmental funds and agency funds use the modified accrual basis of accounting and the flow of current financial resources (measurement focus).

Private Purpose Trust Funds use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred.

4. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by Colorado School District Budget Law for all funds of the District. The District legally adopted annual budgets for all of the District's funds for the year ended June 30, 2021.
- Prior to June 30, the budgets are adopted and appropriations made by formal resolution for the ensuing fiscal year commencing July 1. A public hearing on the proposed budget is held by the Board prior to adoption of the budget.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds.
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- Appropriations lapse at the end of each year and the District's Board may adopt supplemental appropriations during the year. The Board legally amended the budget and adopted supplemental appropriations throughout the year.

5. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Equity/Net Position

a. Cash and Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

Emergencies and preschool activities – These are restrictions required by statutory law.

c. Inventory

Inventory of the District’s Food Service Fund is valued as follows: Purchased food and non-food items are valued at cost, substantially on a first in-first out basis. U.S.D.A. donated commodity items are valued at U.S.D.A. unit pricing, substantially on a first in-first out basis.

Freight and delivery charges are not included in inventory valuations.

d. Interfund Assets/Liabilities

A summary of interfund receivables and payables follows.

Fund	INTERFUND	
	Receivable	Payable
General Fund	\$ 766,316	\$ –
Grants Fund	–	764,897
Non-major funds	–	1,419
Totals	<u>\$ 766,316</u>	<u>\$ 766,316</u>

Interfund balances within governmental activities are eliminated on the government-wide Statement of Net Position. The amounts were used to assist with cash flow.

e. Property Taxes Receivable

Property taxes attach as an enforceable lien on property as of January 1. They may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon became delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Delta, Mesa, Gunnison, and Montrose Counties and are reported as revenue when received by the county treasurers. The fund receivable represents unpaid property taxes. Those amounts received by the county treasurers after June 30, 2021, but within the 60 day availability measure are recorded as revenue in the funds. The remaining unrecognized revenue is presented as a deferred inflow in the funds.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

f. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 2021 and 2020 was \$6,544 and \$10,987 for student accounts receivable.

g. Capital Assets

Capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by the District are reported at historical costs or estimated historical cost. The capitalization threshold for both the District and the College is \$5,000. Contributed assets are reported at fair value as of the date received. Infrastructure was retrospectively determined. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Furniture and Fixtures	20 years
Equipment	3-15 years
Vehicles	8 years
Other Infrastructure	10-50 years

h. Vacation, Sick Leave, and Other Compensated Absences

The accrued personal leave policy provides for accrual of personal leave at one day per month, equated to the individual's full month of service (those working on a nine-month basis receive nine days annually, those working on a twelve-month basis receive twelve days annually, etc.). District policy provides for unlimited accumulation of personal leave days accrued, and upon separation, payment at the rate of \$25.00 or \$12.50 per day for full-time and part-time employees, respectively. District Policy provides for vacation time for custodians, mechanics and District office staff, as well as comp time for custodians, aides and District office staff. Personnel that are in nine-month contracts do not accrue vacation pay. The accrued leave is reflected on the government-wide Statement of Net Position.

i. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities, that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the year. Bonds are recognized as a liability on the fund financial statements when due.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrued Salaries and Benefits – Salaries of teachers and other contracted personnel are accrued as required by the Revised Financial Policies and Procedures Handbook. Teachers' salaries are typically paid over a twelve-month period but are earned over a period of approximately nine months. This results in an outstanding liability at the end of the year.

- j. Pensions – The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

Defined Benefit Other Post Employment Benefit Plan (OPEB) – The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

- k. Fund Balances

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted fund balance - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Education, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Education.

Assigned fund balance - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Education or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Unassigned fund balance - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

1. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

6. Scholarship Allowance

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowance in the statement of revenues, expenditures and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the Technical College, and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants such as Pell grants and all other federal, State or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

fees and other student charges, the Technical College has recorded a scholarship allowance. The scholarship allowance in tuition and fees for the year end June 30, 2021 was \$401,650.

7. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

The following transfers were made during the current fiscal year:

\$3,918,680 was transferred from the General Fund to the Capital Reserve Fund to fund debt service and capital projects.

\$103,841 was transferred from the General Fund to the Student Activity Fund to fund certain student activities.

\$409,655 was transferred from the Building Fund to the Capital Reserve Fund to fund capital projects.

\$853,379 was transferred from the General Fund to the Colorado Pre-School Fund that is included within the General Fund for reporting purposes, as required for State allocation purposes.

8. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and deferred outflows and liabilities and deferred inflows, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could vary from the estimates that were used.

9. Bond Discounts and Premiums

Bond discounts and premiums are amortized over the life of the related bonds. Premium accretion was \$41,443.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Material Violations

The District appears to be in compliance with all material legal, contractual and accounting provisions, as prescribed by federal and state laws and statutes. However, the Insurance Internal Service Fund, the Food Service Fund, and the Technical College Fund had expenditures in excess of appropriation which may be a violation of State budget laws.

NOTE C – DEPOSITS AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

A summary of the District's cash and investments at June 30, 2021 is as follows:

	<u>District</u>	<u>College</u>	<u>Total</u>
Cash on hand	\$ 7,075	\$ 946	\$ 8,021
Cash in banks	15,576,028	1,023,066	16,599,094
Money Market	<u>5,297,621</u>	-	<u>5,297,621</u>
Total cash and investments	<u>\$ 20,880,724</u>	<u>\$ 1,024,012</u>	<u>\$ 21,904,736</u>

As of June 30, 2021, the carrying amount of the College's deposits was \$1,239,133 and the bank balance was \$1,023,066. Of that balance \$292,406 was covered by FDIC insurance and \$946,727 was collateralized.

The carrying amount of the District's deposits was \$17,757,196 and the bank balance was \$19,298,991. Of that balance \$926,406 was covered by FDIC insurance and \$18,372,585 was collateralized.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, certain repurchase agreements, and local government investment pools. At June 30, 2021, the District had \$3,020,223 invested in the Wells Fargo Advantage Government Money Market Service.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

Interest rate risk – The District does not have a formal policy limiting investment maturities, other than that established by state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District’s and the College’s policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

A reconciliation of the cash and investment components on the statement of net positions to the cash and investments categories in this footnote are as follows:

	Governmental Funds	Fiduciary Funds
Cash and investments	\$ 16,573,181	\$ –
Restricted cash and investments	<u>5,297,621</u>	<u>33,934</u>
Total	<u>\$ 21,870,802</u>	<u>\$ 33,934</u>

The restricted amounts are \$4,669 for scholarships, \$29,265 for agencies, \$2,277,398 for employee benefits, and \$3,020,223 for debt service.

NOTE D – PRIVATE PURPOSE SCHOLARSHIP TRUSTS

Earnings on trust principal within the private purpose scholarship trust funds are used to support scholarship expenses and expenditures in accordance with the authority established for the funds.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E – CAPITAL ASSETS

Capital asset activity for Governmental Activities for the fiscal year ended June 30, 2021 was as follows:

	Balances at <u>6/30/20</u>	Increases	Decreases	Balances at <u>6/30/21</u>
Governmental Activities				
District				
Land	\$ 633,306	\$ –	\$ –	\$ 633,306
Work in process	808,266	2,278,738	(1,147,774)	1,939,230
Depreciable capital assets:				
Buildings and improvements	102,894,944	1,309,432	–	104,204,376
Food service	516,203	–	–	516,203
Furniture, equipment, vehicles	<u>5,009,838</u>	<u>978,857</u>	<u>(21,050)</u>	<u>5,967,645</u>
Total District	<u>109,862,557</u>	<u>4,567,027</u>	<u>(1,168,824)</u>	<u>113,260,760</u>
College				
Land and intangibles	126,872	–	–	126,872
Depreciable capital assets:				
Buildings and improvements	5,427,083	193,700	(159,987)	5,460,796
Furniture, equipment, vehicles	<u>1,037,912</u>	<u>47,500</u>	<u>(199,444)</u>	<u>885,968</u>
Total College	<u>6,591,867</u>	<u>241,200</u>	<u>(359,431)</u>	<u>6,473,636</u>
Total capital assets	<u>116,454,424</u>	<u>4,808,227</u>	<u>(1,528,255)</u>	<u>119,734,396</u>
Less accumulated depreciation:				
District				
Buildings and improvements	(48,642,972)	(2,868,354)	–	(51,511,326)
Food service	(467,408)	(8,524)	–	(475,932)
Furniture, equipment, vehicles	<u>(2,878,449)</u>	<u>(569,600)</u>	<u>13,957</u>	<u>(3,434,092)</u>
District accumulated depreciation	<u>(51,988,829)</u>	<u>(3,446,478)</u>	<u>13,957</u>	<u>(55,421,350)</u>
College				
Buildings and improvements	(3,766,212)	(116,693)	119,637	(3,763,268)
Furniture, equipment, vehicles	<u>(745,152)</u>	<u>(59,036)</u>	<u>194,031</u>	<u>(610,157)</u>
College accumulated depreciation	<u>(4,511,364)</u>	<u>(175,729)</u>	<u>313,668</u>	<u>(4,373,425)</u>
Total accumulated depreciation	<u>(56,500,193)</u>	<u>(3,622,207)</u>	<u>327,625</u>	<u>(59,794,775)</u>
Governmental Activities capital assets, net	<u>\$ 59,954,231</u>	<u>\$ 1,186,020</u>	<u>\$ (1,200,630)</u>	<u>\$ 59,939,621</u>

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E – CAPITAL ASSETS – CONTINUED

Depreciation expense for Governmental Activities was charged to governmental functions as follows:

District	
Instruction	\$ 35,005
Support: General Administration	353,272
Support: School Administration	142,616
Business: Operations and Maintenance	26,290
Food service	8,524
Unallocated Depreciation	<u>2,880,771</u>
Total District	<u>3,446,478</u>
College	
Instruction	174,024
Support: General Administration	367
Unallocated Depreciation	<u>1,338</u>
Total College	<u>175,729</u>
Total depreciation expense charged to Governmental Activities	<u>\$3,622,207</u>

NOTE F – LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during the year end June 30, 2021 were as follows:

	Balance at 6/30/20	Addition	Reductions	Balance at 6/30/21	Amounts Due Within One Year
Governmental Activities					
BEST Program Certificates of Participation	\$ 1,567,612	\$ –	\$ 131,561	\$ 1,436,051	\$ 136,608
General Obligation Bonds					
Series 2011	4,035,000	–	1,660,000	2,375,000	790,000
Series 2011, Premium	116,940	–	34,225	82,715	34,225
Series 2014	2,825,000	–	50,000	2,775,000	985,000
Series 2014, Premium	<u>24,658</u>	<u>–</u>	<u>7,218</u>	<u>17,440</u>	<u>7,218</u>
Total Bonds	<u>7,001,598</u>	<u>–</u>	<u>1,751,443</u>	<u>5,250,155</u>	<u>1,816,443</u>
Capital lease-equipment	164,794	–	54,931	109,863	54,931
Lease purchase	278,961	–	36,136	242,825	37,153
Longevity	419,711	128,480	179,739	368,452	197,140
Compensated absences	<u>562,313</u>	<u>8,899</u>	<u>–</u>	<u>571,212</u>	<u>571,212</u>
Total	<u>\$ 9,994,989</u>	<u>\$ 137,379</u>	<u>\$ 2,153,810</u>	<u>\$ 7,978,558</u>	<u>\$ 2,813,487</u>

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

General Obligation Refunding Bonds – Series 2011

\$6,210,000 General Obligation Refunding Bonds were issued and dated October 6, 2011. These bonds carry an average interest rate of 3.12%. Payments of interest are due each June 1 and December 1, with principal payments due each December 1 through December 1, 2023. The Bonds are not subject to redemption prior to their respective maturity dates.

The annual debt service requirements for the Series 2011 bonded debt are as follows:

Fiscal-Year Ending June 30,	Principal	Interest	Total
2022	\$ 790,000	\$ 59,400	\$ 849,400
2023	1,000,000	32,550	1,032,550
2024	585,000	8,775	593,775
	<u>\$ 2,375,000</u>	<u>\$ 100,725</u>	<u>\$ 2,475,725</u>

State of Colorado BEST Program Matching Money Bonds- Series 2010 B-C

\$2,619,026 Matching Money Bonds Dated March 11, 2010. The interest rate is 3.84% payable semiannually on June 1 and December 1, principal payable December 1. Final maturity date is December 1, 2029.

The annual debt service requirements for the Series 2010 bonded debt are as follows:

Fiscal-Year Ending June 30,	Principal	Interest	Total
2022	\$ 136,608	\$ 52,474	\$ 189,082
2023	141,849	47,133	188,982
2024	147,291	41,586	188,877
2025	152,942	35,826	188,768
2026	158,810	29,846	188,656
2027-2030	698,551	54,860	753,411
	<u>\$ 1,436,051</u>	<u>\$ 261,725</u>	<u>\$ 1,697,776</u>

General Obligation Refunding Bonds – Series 2014

\$3,115,000 General Obligation Refunding Bonds were issued and dated September 4, 2014. These bonds have interest rates varying from 3.65% to 4.30% per annum with an average interest rate of 2.26%. Payments of interest are due each June 1 and December 1, with principal payments due each December 1 through December 1, 2023. The Bonds are not subject to redemption prior to their respective maturity dates.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

The annual debt service requirements for the Series 2014 bonded debt are as follows:

Fiscal-Year Ending June 30,	Principal	Interest	Total
2022	\$ 985,000	\$ 52,600	\$ 1,037,600
2023	800,000	33,750	833,750
2024	990,000	12,375	1,002,375
	<u>\$ 2,775,000</u>	<u>\$ 98,725</u>	<u>\$ 2,873,725</u>

Capital Lease

In March 2019 the District entered into a \$219,725 lease agreement for computers. Payments on the lease begin July 15, 2019 and continue until July 15, 2022. Debt service payments are subject to an annual appropriation. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The value of capital assets held under capital lease is \$219,725. The lease is noninterest bearing.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Fiscal-Year Ending June 30,	
2022	\$ 54,931
2023	<u>54,932</u>
Present value of net minimum lease payments	<u>\$ 109,863</u>

Lease Purchase Agreement

In August 2017 the District entered into a \$565,000 lease purchase agreement for real property and tenant improvements. An initial payment of \$185,000 was made September 1, 2017 with additional payments of \$3,668 monthly beginning on the lease October 1, 2017 and continuing until September 1, 2027, with interest at 2.99%. Debt service payments are subject to an annual appropriation.

The annual debt service requirements for the lease purchase debt are as follows:

Fiscal-Year Ending June 30,	Principal	Interest	Total
2022	\$ 37,153	\$ 6,858	\$ 44,011
2023	38,295	5,716	44,011
2024	39,472	4,539	44,011
2025	40,686	3,325	44,011
2026	41,936	2,074	44,010
2027-2028	45,283	791	46,074
	<u>\$ 242,825</u>	<u>\$ 23,303</u>	<u>\$ 266,128</u>

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (ANNUAL REPORT) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2021: Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$5,142,728 for the year ended June 30, 2021. The Technical College of the Rockies, a blended component unit, recognized employer contributions of \$285,009 for the same period.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

On-behalf contributions to SCHDTF. The State of Colorado makes employer pension contributions on behalf of the District. For the year ended June 30, 2020, State of Colorado contributions recognized by the District were based on the State’s proportionate share of the collective NPL associated with the District, and the District (including the College) recognized revenue and expenditures of \$623,025 in pension contributions from the State of Colorado.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity’s proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the District (including the College) reported a liability of \$76,447,042 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District (including the College) were as follows:

District proportionate share of the net pension liability	\$76,447,042
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ 0
Total	\$76,447,042

At December 31, 2020, the District proportion (including the College) was 0.50566 percent, which was a decrease of 0.06845 from its proportion measured as of December 31, 2019.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

For the year ended June 30, 2021, the District (not including the College) recognized negative pension expense of \$(3,157,991). At June 30, 2021, the District (including the College) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,200,385	\$ –
Changes of assumptions or other inputs	7,353,968	12,850,101
Net difference between projected and actual earnings on pension plan investments	–	16,827,734
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,888,186	4,159,146
Contributions subsequent to the measurement date	2,699,622	N/A
Total	\$ 19,142,161	\$33,836,981

\$2,699,622 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2021	
2022	\$ (15,117,376)
2023	2,922,180
2024	(2,544,576)
2025	(2,654,670)
2026	–
Thereafter	–

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually) ¹	1.25 percent
PERA benefit structure hired after 12/31/06	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available, therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019 to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25 percent
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available, therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Health Retiree Table, adjusted as follows:

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumptions decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses, to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

long-term rate of return, the target asset allocation and best estimate of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing on July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 104,280,027	\$ 76,447,042	\$ 53,252,995

Pension plan fiduciary net position. Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

June 30, 2021

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (ANNUAL REPORT) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN –
CONTINUED**

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of retirees not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$263,862 for the year ended June 30, 2021. The College recognized employer contributions of \$15,196 for the same period.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District (including the College) reported a liability of \$2,778,288 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District proportion (including the College) was 0.29238 percent, which was an increase of 0.008704 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District (not including the College) recognized OPEB expense of \$178,757. At June 30, 2021, the District (including the College) reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,374	\$ 610,801
Changes of assumptions or other inputs	20,759	170,362
Net difference between projected and actual earnings on OPEB plan investments	–	113,523
Changes in proportion and differences between contributions recognized and proportionate share of contributions	183,174	120,842
Contributions subsequent to the measurement date	138,795	N/A
Total	\$ 350,102	\$ 1,015,528

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

\$138,795 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2021:	
2022	\$ (172,895)
2023	(157,012)
2024	(223,356)
2025	(187,034)
2026	(60,286)
Thereafter	(3,638)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN –
CONTINUED**

The long-term rate of return, net of OPEB plan investment expense, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Health Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capital health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board’s November 15, 2019, meeting to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Sensitivity of the District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 2,706,480	\$ 2,778,288	\$ 2,861,883

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	3,182,579	2,778,288	2,432,853

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE I – CONTINGENCIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government.

The District is subject to various claims arising from events occurring in its ordinary operations. District management believes that the disposition of these matters will not have a material adverse effect on the financial position of the District.

The District is a defendant in a lawsuit that alleges that the District violated a former student's Constitutional rights, as well as various Colorado state laws. Management is currently unable to state whether the outcome will be favorable or unfavorable, or to state a range or amount of potential loss in the event of an unfavorable outcome.

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three years.

NOTE K – TAX, SPENDING AND DEBT LIMITATION

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all Colorado local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, expenditures of Federal Awards, and others). Local governments are not allowed to use the emergency reserves to compensate for economic conditions,

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE K – TAX, SPENDING AND DEBT LIMITATION – CONTINUED

revenue shortfalls or salary or benefit increases. The total emergency reserve was \$1,428,032 for the District and \$43,161 for the College as of June 30, 2021. In November 1999 the District’s electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding any of TABOR’S revenue limitations.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

NOTE L – FIDUCIARY FUND APPROPRIATIONS

The schedule below is presented to demonstrate compliance with School District Budget Law.

	<u>Appropriation</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Private Purpose Trust (College)	\$ –	\$ –	\$ –
Student Activity Fund (College)	15,000	85	14,915
	<u>6/30/20</u>	<u>Increases</u>	<u>Decreases</u>
Student Activity Fund activity	\$ 21,849	\$ 7,501	\$ 85
			<u>6/30/21</u>
			\$ 29,265

NOTE M – SELF-INSURANCE PROGRAM

The District is self-insured with respect to health and dental insurance claims. However, an excess liability policy in the amount of \$175,000 has been purchased. The claims liability is based on the requirement of GASB Statement Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities also include specific, incremental claim adjustment expenses. In addition, estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Expenses and liabilities are estimated through a case-by-case review of all claims and the application of historical experience for outstanding claims. Changes in the Fund’s premiums, stop loss, and claims in fiscal year 2021 were:

Delta County Joint School District No. 50J

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE M – SELF-INSURANCE PROGRAM – CONTINUED

Beginning <u>Balance</u>	Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Ending <u>Balance</u>
\$338,307	\$7,243,055	\$7,084,981	\$496,381

NOTE N – PRIOR PERIOD ADJUSTMENT

In the prior year, the incurred but not reported liability was not adjusted correctly and was overstated by \$638,991. In the current year this has been corrected by increasing in the proprietary fund and in the government wide statement of activities by \$638,991.

REQUIRED SUPPLEMENTARY INFORMATION

Delta County Joint School District No. 50J

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 8,588,611	8,794,443	\$ 8,823,016	\$ 28,573
Specific ownership taxes	1,475,000	1,481,856	1,744,112	262,256
Intergovernmental:				
Federal sources	257,500	537,991	725,273	187,282
State sources	26,527,089	25,702,716	25,580,242	(122,474)
Local government sources	1,688,640	1,678,101	1,840,341	162,240
Interest and other revenues	50,000	118,700	3,441	(115,259)
Total revenues	<u>38,586,840</u>	<u>38,313,807</u>	<u>38,716,425</u>	<u>402,618</u>
Expenditures				
Current				
Instructional services	23,742,881	20,804,183	20,538,370	265,813
Pupil services	1,146,361	1,150,067	1,106,585	43,482
Instructional staff support	1,555,507	1,892,964	1,685,375	207,589
General administration	646,650	512,836	518,860	(6,024)
School administration	3,486,316	3,487,416	3,592,447	(105,031)
Business support	578,237	575,256	534,197	41,059
Operation and maintenance	4,204,905	4,277,732	4,097,541	180,191
Transportation	1,715,956	1,620,773	1,437,422	183,351
Central services	1,601,720	1,867,179	1,905,475	(38,296)
Community services	34,014	34,014	31,837	2,177
Debt service				
Principal	-	64,550	-	64,550
Capital outlay	1,500	-	-	-
Total expenditures	<u>38,714,047</u>	<u>36,286,970</u>	<u>35,448,109</u>	<u>838,861</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(127,207)	2,026,837	3,268,316	1,241,479
Other financing sources (uses)				
Transfers in (out)	(1,293,421)	(4,845,900)	(4,022,521)	823,379
Insurance proceeds	-	-	12,225	12,225
Total other financing sources (uses)	<u>(1,293,421)</u>	<u>(4,845,900)</u>	<u>(4,010,296)</u>	<u>835,604</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,420,628)	(2,819,063)	(741,980)	2,077,083
Fund balance beginning of year	9,370,153	10,388,872	10,388,872	-
Fund balance end of year	<u>\$ 7,949,525</u>	<u>\$ 7,569,809</u>	<u>\$ 9,646,892</u>	<u>\$ 2,077,083</u>

Delta County Joint School District No. 50J

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GRANTS FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental:				
Local sources	\$ 1,278,031	\$ 1,556,269	\$ 1,084,525	\$ (471,744)
State sources	1,403,000	1,774,010	1,487,735	(286,275)
Federal sources	7,525,612	7,663,721	6,971,478	(692,243)
Total revenues	<u>10,206,643</u>	<u>10,994,000</u>	<u>9,543,738</u>	<u>(1,450,262)</u>
Expenditures				
Current				
Instructional services	8,111,289	6,992,233	6,409,871	582,362
Pupil support	733,149	1,014,559	864,487	150,072
Instructional staff support	1,210,293	1,635,559	1,265,464	370,095
School administration	720	312,644	235,355	77,289
Operation and maintenance	-	446,180	518,514	(72,334)
Community services	-	13,261	11,916	
Transportation services	-	130,137	122,885	7,252
Non-instructional services	151,192	449,427	115,246	
Capital outlay	-	-	-	-
Total expenditures	<u>10,206,643</u>	<u>10,994,000</u>	<u>9,543,738</u>	<u>1,114,736</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Fund balance beginning of year	-	-	-	-
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Delta County Joint School District No. 50J

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TECHNICAL COLLEGE - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Tuition, fees and services	\$ 1,180,318	\$ 1,180,318	\$ 1,199,568	\$ 19,250
Intergovernmental:				
Local government sources	152,200	152,200	195,414	43,214
State sources	701,065	701,065	701,065	-
Federal sources	1,119,429	1,119,429	1,321,875	202,446
Interest and other revenues	628,572	628,572	374,425	(254,147)
Total revenues	<u>3,781,584</u>	<u>3,781,584</u>	<u>3,792,347</u>	<u>10,763</u>
Expenditures				
Current				
Instructional services	1,228,274	1,228,274	1,455,380	(227,106)
Supporting services	1,558,356	1,558,356	1,294,854	263,502
Business support services	545,296	545,296	474,371	70,925
Student aid programs	250,000	250,000	238,233	11,767
Capital outlay	199,658	199,658	425,934	(226,276)
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>3,781,584</u>	<u>3,781,584</u>	<u>3,888,772</u>	<u>42,812</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	-	(96,425)	53,575
Fund balance beginning of year	<u>1,676,070</u>	<u>1,676,070</u>	<u>1,490,954</u>	<u>(185,116)</u>
Fund balance end of year	<u>\$ 1,676,070</u>	<u>\$ 1,676,070</u>	<u>\$ 1,394,529</u>	<u>\$ (131,541)</u>

Delta County Joint School District No. 50J

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2021

Measurement date:	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entity proportionate share of NPL associated with employer	Total of employer and nonemployer proportionate share of NPL	Covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
December 31, 2014	0.504986%	\$ 68,442,521	\$ -	\$ 68,442,521	\$ 21,074,383	325%	63%
December 31, 2015	0.478450%	73,175,613	-	73,175,613	20,790,060	352%	59%
December 31, 2016	0.486319%	144,796,077	-	144,796,077	21,823,534	663%	43%
December 31, 2017	0.527824%	170,679,477	-	170,679,477	24,334,396	701%	44%
December 31, 2018	0.440077%	77,924,610	9,373,423	87,298,033	24,272,931	321%	57%
December 31, 2019	0.437215%	65,319,040	7,352,339	72,671,379	25,495,130	256%	65%
December 31, 2020	0.505670%	76,447,042	-	76,447,042	26,732,635	286%	67%

The balances in this schedule include Delta Montrose Technical College.

Delta County Joint School District No. 50J

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2021

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2015	\$ 3,492,919	\$ 3,492,919	\$ -	\$ 20,693,616	16.88%
June 30, 2016	3,763,241	3,763,241	-	21,217,277	17.74%
June 30, 2017	4,102,950	4,102,950	-	22,319,585	18.38%
June 30, 2018	4,705,139	4,705,139	-	24,936,758	18.87%
June 30, 2019	4,738,112	4,738,112	-	24,767,964	19.13%
June 30, 2020	5,089,468	5,089,468	-	26,261,418	19.38%
June 30, 2021	5,308,721	5,308,721	-	27,358,675	19.40%

The balances in this schedule include Delta Montrose Technical College.

Delta County Joint School District No. 50J

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2021

<u>Measurement date:</u>	<u>Employer proportion of NOPEBL</u>	<u>Employer proportionate share of NOPEBL</u>	<u>Covered payroll</u>	<u>Employer proportionate share of NOPEBL as a percentage of covered payroll</u>	<u>OPEB plan's fiduciary net position as a percentage of total OPEB liability</u>
December 31, 2017	0.299908%	\$ 3,897,598	\$ 24,334,396	16%	18%
December 31, 2018	0.286053%	3,891,860	24,272,931	16%	17%
December 31, 2019	0.283676%	3,188,518	25,495,130	13%	24%
December 31, 2020	0.292382%	2,778,288	26,732,635	10%	33%

The balances in this schedule include Delta Montrose Technical College.

Delta County Joint School District No. 50J

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

June 30, 2021

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018	\$ 254,355	\$ 254,355	\$ -	\$ 24,936,758	1.02%
June 30, 2019	252,633	252,633	-	24,767,964	1.02%
June 30, 2020	267,867	267,867	-	26,261,418	1.02%
June 30, 2021	279,058	279,058	-	27,358,675	1.02%

The balances in this schedule include Delta Montrose Technical College.

SUPPLEMENTARY INFORMATION

Delta County Joint School District No. 50J

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue			Total Nonmajor Governmental Funds
	Food Service Fund	Student Activities Fund	Building Fund	
ASSETS				
Cash and cash equivalents	\$ 425,631	\$ 650,306	\$ -	\$ 1,075,937
Accounts receivable	261,699	-	-	261,699
Prepaid expenses	1,830	-	-	1,830
Inventory	97,579	-	-	97,579
Total assets	<u>\$ 786,739</u>	<u>\$ 650,306</u>	<u>\$ -</u>	<u>\$ 1,437,045</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued salaries and benefits	\$ 81,361	\$ -	\$ -	\$ 81,361
Due to other funds	-	1,419	-	1,419
Total liabilities	81,361	1,419	-	82,780
Fund balances				
Nonspendable	99,409	-	-	99,409
Assigned				
Food service	605,969	-	-	605,969
Student activities	-	648,887	-	648,887
Total fund balances	<u>705,378</u>	<u>648,887</u>	<u>-</u>	<u>1,354,265</u>
Total liabilities and fund balances	<u>\$ 786,739</u>	<u>\$ 650,306</u>	<u>\$ -</u>	<u>\$ 1,437,045</u>

Delta County Joint School District No. 50J

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2021

	Special Revenue		Building Fund	Total Nonmajor Governmental Funds
	Food Service Fund	Student Activities Fund		
Revenues				
Intergovernmental:				
State sources	\$ 14,469	\$ -	\$ 169,204	\$ 183,673
Federal sources	1,872,575	-	-	1,872,575
Interest and other revenues	83,600	883,773	-	967,373
Total revenues	<u>1,970,644</u>	<u>883,773</u>	<u>169,204</u>	<u>3,023,621</u>
Expenditures				
Current				
School support services	-	995,488	-	995,488
Food service	1,714,423	-	-	1,714,423
Capital outlay	-	-	680,231	680,231
Total expenditures	<u>1,714,423</u>	<u>995,488</u>	<u>680,231</u>	<u>3,390,142</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	256,221	(111,715)	(511,027)	(366,521)
Other financing sources (uses)				
Transfers in (out)	-	103,841	-	103,841
	<u>-</u>	<u>103,841</u>	<u>-</u>	<u>103,841</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	256,221	(7,874)	(511,027)	(262,680)
Fund balances beginning of year	<u>449,157</u>	<u>656,761</u>	<u>511,027</u>	<u>1,616,945</u>
Fund balances end of year	<u>\$ 705,378</u>	<u>\$ 648,887</u>	<u>\$ -</u>	<u>\$ 1,354,265</u>

Delta County Joint School District No. 50J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Food sales	\$ 462,434	\$ 223,461	\$ 83,600	\$ (139,861)
Intergovernmental:				
State sources	36,200	14,469	14,469	-
Federal sources	1,049,872	1,341,258	1,872,575	531,317
Total revenues	<u>1,548,506</u>	<u>1,579,188</u>	<u>1,970,644</u>	<u>391,456</u>
Expenditures				
Food service	<u>1,689,640</u>	<u>1,688,936</u>	<u>1,714,423</u>	<u>(25,487)</u>
Total expenditures	<u>1,689,640</u>	<u>1,688,936</u>	<u>1,714,423</u>	<u>(25,487)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(141,134)	(109,748)	256,221	365,969
Fund balance at beginning of year	<u>380,838</u>	<u>449,157</u>	<u>449,157</u>	<u>-</u>
Fund balance at end of year	<u>\$ 239,704</u>	<u>\$ 339,409</u>	<u>\$ 705,378</u>	<u>\$ 365,969</u>

Delta County Joint School District No. 50J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STUDENT ACTIVITIES FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Student activity revenue	\$ 103,841	\$ 1,500,000	\$ 883,773	\$ (616,227)
Expenditures				
Current				
School support services	-	1,500,000	995,488	504,512
Total expenditures	-	1,500,000	995,488	504,512
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	103,841	-	(111,715)	(111,715)
Other financing sources (uses)				
Transfers in (out)	-	103,841	103,841	-
Total other financing sources (uses)	-	103,841	103,841	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	103,841	103,841	(7,874)	(111,715)
Fund balance beginning of year	656,557	656,557	656,761	204
Fund balance end of year	\$ 760,398	\$ 760,398	\$ 648,887	\$ (111,511)

Delta County Joint School District No. 50J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUILDING FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grant income	\$ 861,300	\$ 169,204	\$ 169,204	\$ -
Expenditures, capital outlay	1,149,164	270,575	680,231	(409,656)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(287,864)	(101,371)	(511,027)	(409,656)
Other financing sources (uses)				
Transfers in (out)	-	(409,656)	-	409,656
Total other financing sources (uses)	-	(409,656)	-	409,656
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(287,864)	(511,027)	(511,027)	-
Fund balance beginning of year	287,864	511,027	511,027	-
Fund balance end of year	\$ -	\$ -	\$ -	\$ -

Delta County Joint School District No. 50J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL RESERVE FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
State sources	\$ -	\$ 769,684	761,334	\$ (8,350)
Local sources	783,968	289,346	414,763	125,417
Total revenues	<u>783,968</u>	<u>1,059,030</u>	<u>1,176,097</u>	<u>117,067</u>
Expenditures				
Capital outlay	4,078,837	7,401,000	3,385,095	4,015,905
Debt service				
Principal	131,561	167,670	167,670	-
Interest	57,618	65,520	65,520	-
Total expenditures	<u>4,268,016</u>	<u>7,634,190</u>	<u>3,618,285</u>	<u>4,015,905</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,484,048)	(6,575,160)	(2,442,188)	4,132,972
Other financing sources (uses)				
Transfers in (out)	1,189,580	3,918,680	3,918,680	-
Insurance proceeds	-	171,322	171,322	-
Total other financing sources (uses)	<u>1,189,580</u>	<u>4,090,002</u>	<u>4,090,002</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,294,468)	(2,485,158)	1,647,814	4,132,972
Fund balance beginning of year	<u>2,294,468</u>	<u>2,485,158</u>	<u>2,485,158</u>	<u>-</u>
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,132,972</u>	<u>\$ 4,132,972</u>

Delta County Joint School District No. 50J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BOND REDEMPTION FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 1,890,350	\$ 1,908,700	\$ 1,918,857	\$ 10,157
Interest and other revenues	25,000	6,500	2,834	(3,666)
Total revenues	<u>1,915,350</u>	<u>1,915,200</u>	<u>1,921,691</u>	<u>6,491</u>
Expenditures				
Debt service				
Principal	1,650,000	1,710,000	1,710,000	-
Interest	157,025	157,025	157,025	-
Total expenditures	<u>1,807,025</u>	<u>1,867,025</u>	<u>1,867,025</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	108,325	48,175	54,666	6,491
Fund balance beginning of year	<u>3,122,977</u>	<u>3,068,906</u>	<u>3,068,906</u>	<u>-</u>
Fund balance end of year	<u><u>\$ 3,231,302</u></u>	<u><u>\$ 3,117,081</u></u>	<u><u>\$ 3,123,572</u></u>	<u><u>\$ 6,491</u></u>

Delta County Joint School District No. 50J

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - INSURANCE INTERNAL SERVICE FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fees	\$ 5,350,678	\$ 5,800,000	\$ 5,350,677	\$ (449,323)
Rebates	252,342	115,165	252,342	137,177
Interest income	301	300	301	1
Total operating revenues	<u>5,603,321</u>	<u>5,915,465</u>	<u>5,603,320</u>	<u>(312,145)</u>
EXPENDITURES				
Insurance claims	5,127,000	4,515,350	5,448,713	(933,363)
Administration fees and premiums	1,948,186	1,644,963	1,304,501	340,462
Total operating expenditures	<u>7,075,186</u>	<u>6,160,313</u>	<u>6,753,214</u>	<u>(592,901)</u>
Excess of revenues over (under) expenditures	(1,471,865)	(244,848)	(1,149,894)	(905,046)
Net position, beginning of year	2,269,731	2,269,731	2,269,731	-
Prior period adjustment	-	-	638,991	638,991
Net position, beginning of year restated	<u>2,269,731</u>	<u>2,269,731</u>	<u>2,908,722</u>	<u>638,991</u>
Net position, end of year	<u>\$ 797,866</u>	<u>\$ 2,024,883</u>	<u>\$ 1,758,828</u>	<u>\$ (266,055)</u>

Delta County Joint School District No. 50J
 COMBINING SCHEDULE OF NET POSITION -
 FIDUCIARY FUNDS

June 30, 2021

	Private Purpose Trust (College)	Agency Funds (College) Student Activity	Total
ASSETS			
Cash and cash equivalents	\$ 4,669	\$ 29,265	\$ 33,934
Total assets	<u>\$ 4,669</u>	<u>\$ 29,265</u>	<u>\$ 33,934</u>
LIABILITIES AND NET POSITION			
Liabilities			
Due to student groups	\$ -	\$ 29,265	\$ 29,265
Total liabilities	-	29,265	29,265
Restricted for perpetuities	2,251	-	2,251
Restricted for scholarships	<u>2,418</u>	<u>-</u>	<u>2,418</u>
Total net position	<u>4,669</u>	<u>-</u>	<u>4,669</u>
Total liabilities and net position	<u>\$ 4,669</u>	<u>\$ 29,265</u>	<u>\$ 33,934</u>

STATE REPORTING



Colorado Department of Education

Auditors Integrity Report

District: 0870 - Delta County 50(j)

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	10,015,144	33,852,749	34,690,395	9,177,498
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	373,730	853,379	757,716	469,393
Sub- Total	10,388,874	34,706,128	35,448,110	9,646,891
11 Charter School Fund	911,194	5,246,901	5,029,222	1,128,872
20,26-29 Special Revenue Fund	1,490,954	3,792,349	3,888,772	1,394,530
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	449,157	1,970,644	1,714,423	705,379
22 Govt Designated-Purpose Grants Fund	0	9,543,738	9,543,738	0
23 Pupil Activity Special Revenue Fund	656,761	987,613	995,488	648,886
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,068,906	1,921,691	1,867,025	3,123,572
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	511,027	169,204	680,231	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	2,485,158	5,266,098	3,618,285	4,132,971
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	19,962,030	63,604,366	62,785,295	20,781,102
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	2,908,722	252,642	1,402,536	1,758,828
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	2,908,722	252,642	1,402,536	1,758,828
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	4,669	0	0	4,669
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	21,849	7,501	85	29,265
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	26,518	7,501	85	33,934

FINAL