

Haxtun School District RE-2J
Haxtun, Colorado

Financial Statements

For the Year Ended June 30, 2021

Table of Contents

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	12-13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14-15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24-63
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	66
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	68-69
Schedule of District Contributions – PERA's School Division Trust Fund	70-71
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	72-73
Schedule of District Contributions – PERA's Health Care Trust Fund	74-75
Notes to the Required Supplementary Information	76
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule – Revenues	80
Budgetary Comparison Schedule – Expenditures	82-84
Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	87
Budgetary Comparison Schedule – Food Service Fund	88

Table of Contents

	<u>Page</u>
Budgetary Comparison Schedule – Pupil Activity Fund	89
Budgetary Comparison Schedule – Scholarship Fund	90
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	92
Capital Projects Fund	
Budgetary Comparison Schedule - Building Fund	94
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	95
Fiduciary Fund	
Budgetary Comparison Schedule – Scholarship Trust Fund	98
Colorado Department of Education Supplementary Schedule	
Independent Auditors’ Report on Auditors’ Integrity Report	101
Auditors’ Integrity Report	102



Independent Auditors' Report

Board of Education
Haxtun School District RE-2J
Haxtun, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Haxtun School District RE-2J (the District), 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, historical pension information and other post-employment benefit plan information listed in the table of contents 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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 3, 2021

**HAXTUN SCHOOL DISTRICT RE-2J
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

This section of Haxtun School District RE-2J's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of Haxtun School District RE-2J exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,686,917 (net position).
- The district's total net position increased by \$1,943,534.
- General revenues accounted for \$3,795,826 or 76% of the \$5,011,129 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,215,303 or 24% of revenues.
- The general fund ending fund balance reached \$1,822,696, a decrease of \$165,209 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree's early retirement bonuses). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, food service and pupil activities. Taxes and intergovernmental revenues principally support these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, Bond Redemption Fund and Building Fund which are considered to be major funds. Data for the other four nonmajor governmental funds are combined in a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-20 of this report.

Fiduciary Funds

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 24-63 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 80-98.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

79% of the School District's assets are its investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net position (liabilities) as of June 30, 2021 and June 30, 2020.

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
Current and Other assets	\$3,011,940	\$3,366,148	-10.52%
Capital assets	11,501,799	11,371,671	1.14%
Total assets	14,513,739	14,737,819	-1.52%
Deferred outflows of resources	1,895,858	655,322	189.30%
Total assets and deferred outflows of resources	\$16,409,597	\$15,393,141	6.60%
Long term liabilities	\$9,750,437	\$9,274,259	5.13%
Other liabilities	593,364	814,604	-27.16%
Total liabilities	10,343,801	10,088,863	2.53%
Deferred inflows of resources	2,378,879	3,560,895	-33.19%
Net investment in capital assets	7,783,265	7,336,781	6.09%
Restricted	541,991	598,791	-9.49%
Unrestricted	(4,638,339)	(6,192,189)	25.09%
Total net position	3,686,917	1,743,383	111.48%
Total liabilities, deferred inflows of resources and net position	\$16,409,597	\$15,393,141	6.60%

Following is a summary of the School District's change in net position.

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
Revenues			
Program Revenues			
Charges for services	\$ 57,289	\$ 91,637	-37.48%
Operating Grants & Contributions	973,934	587,551	65.76%
Capital Grants & Contributions	184,080	1,156,763	-84.09%
General Revenues			
Property taxes	1,457,518	1,473,650	-1.09%
State equalization	2,155,958	2,347,209	-8.15%
Other	182,350	231,447	-21.21%
Total Revenue	5,011,129	5,888,257	-14.90%
Expenses			
Instruction	1,656,895	1,983,319	-16.46%
Pupil & Instructional Services	122,007	91,095	33.93%
Administration & Business	286,496	429,511	-33.30%
Maintenance & Operations	249,309	327,055	-23.77%
Transportation	104,689	116,116	-9.84%
Other	648,199	595,636	8.82%
Total Expenses	3,067,595	3,542,732	-13.41%
Change in net position	\$ 1,943,534	\$ 2,345,525	-17.14%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$9,939 per funded student. In fiscal year 2021 the funded pupil count was 320.1. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 60% percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$1,065,151 in property taxes levied for general use for fiscal year 2021.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,395,064, a decrease of \$91,992 in comparison with the prior year. The General Fund had a fund balance decrease of \$165,209, while the fund balances of the Bond Redemption Fund, Building Fund, Capital Reserve Capital Projects Fund, and Other Governmental Funds changed by (\$2,169), (\$69,381), \$70,781, and \$73,986, respectively.

General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

The differences that are found between the original budget and final budget in the 2020-2021 school year are as follows:

Covid Relief Funds in the amount of \$261,597 were received by the District in May of 2021. These funds were restricted in use and \$181,000 of these funds were deferred for expenditure in budget year 2021-2022.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$11,501,799 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

The School District's total capital assets at June 30, 2021 net of accumulated depreciation were as follows:

	Governmental Activities
Land and Land Improvement	\$ 178,961
Building Improvements	10,877,341
Equipment & Furniture	340,025
Vehicles	<u>105,472</u>
Total Capital Assets	<u>\$ 11,501,799</u>

Additional information on the School District's capital assets can be found in note E on pages 36-37 to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$3,723,635 consisted of the following:

	<u>Governmental Activities</u>
Compensated absences	\$ 5,100
Capital lease obligations	1,220,642
Bonds payable	<u>2,497,893</u>
Total	<u>\$ 3,723,635</u>

Additional information on the School District's long-term debt can be found in note G on page 37-39 to the basic financial statements.

Economic Factors

The district's student population has increased, which results in additional per pupil funding. Also, the State continues to reduce the budget stabilization factor to provide needed revenues for school operations.

The biggest challenges facing the District at this time revolve around personnel issues. Shortages of qualified employees for all positions, both classified and certified create a strain on the educational system. Learning recovery for students requires more small group and one to one instruction. The District has difficulty in filling these positions. Staffing shortages in transportation and substitutes are a present and future challenge.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Haxtun School District RE-2J, 201 West Powell Street, Haxtun, CO 80731.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

HAXTUN SCHOOL DISTRICT RE-2J
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash	\$ 784,173
Cash with fiscal agent	282,576
Certificates of deposit	419,683
Investments	1,299,487
Due from other entities	15,832
Receivables	190,546
Inventory	10,773
Prepaid items	8,870
Capital assets, net of depreciation	<u>11,501,799</u>
 Total assets	 14,513,739
Deferred outflows of resources	
Pension deferrals	1,877,926
Other post-employment benefit deferrals	<u>17,932</u>
 Total deferred outflows of resources	 <u>1,895,858</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 16,409,597</u></u>
Liabilities	
Accounts payable	\$ 81,223
Accrued salaries and benefits	291,706
Unearned revenue	209,677
Accrued interest payable	10,758
Noncurrent liabilities	
Due within one year	330,445
Due in more than one year	3,393,190
Net pension liability	5,815,379
Net other post-employment benefit deferrals	<u>211,423</u>
 Total liabilities	 10,343,801
Deferred inflows of resources	
Pension deferrals	2,308,180
Other post-employment benefit deferrals	<u>70,699</u>
 Total deferred inflows of resources	 2,378,879
Net position	
Net investment in capital assets	7,783,265
Restricted for:	
Emergencies	118,000
Debt service	284,156
Food service operations	57,182
Scholarships	82,653
Unrestricted (deficit)	<u>(4,638,339)</u>
 Total net position	 <u>3,686,917</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 16,409,597</u></u>

The accompanying notes are an integral part of these financial statements.

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HAXTUN SCHOOL DISTRICT RE-2J
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,656,895			
Supporting services				
Students	32,386	\$ 21,637	\$ 712,537	
Instructional staff	89,621		11,652	
General administration	112,939			
School administration	126,951			
Business services	46,606			
Operations and maintenance	249,309			
Student transportation	104,689		28,464	
Central support services	36,292			
Food service operations	208,916	35,652	221,281	\$ 9,655
Facilities acquisition	1,020			174,425
Interest on long-term debt	160,161			
Unallocated depreciation *	241,810			
Total governmental activities	\$ 3,067,595	\$ 57,289	\$ 973,934	\$ 184,080

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Specific ownership taxes

Delinquent taxes and interest

State categorical aid

Earnings on investments

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

The accompanying notes are an integral part of these financial statements.

Net (Expenses)
Revenues and
Changes in
Net Position

Governmental
Activities

\$ (1,656,895)

701,788
(77,969)
(112,939)
(126,951)
(46,606)
(249,309)
(76,225)
(36,292)
57,672
173,405
(160,161)
(241,810)

(1,852,292)

1,065,151
239,116
149,241
4,010
2,155,958
3,148
179,202

3,795,826

1,943,534

1,743,383

\$ 3,686,917

HAXTUN SCHOOL DISTRICT RE-2J
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Assets				
Cash	\$ 377,528		\$ 781	\$ 270,286
Cash with fiscal agent	7,961	\$ 274,615		
Certificates of deposit	359,683			
Investments	1,299,487			
Property taxes receivable	67,779	16,367		
Due from other funds		398		781
Due from other entities	15,832			
Grant receivables	80,042			
Other receivables	2,647			
Inventory				
Prepaid items	8,870			
Total assets	\$ 2,219,829	\$ 291,380	\$ 781	\$ 271,067
Liabilities				
Accounts payable	\$ 76,780			
Due to other funds	1,601		\$ 781	
Accrued salaries and benefits	291,706			
Unearned revenue				\$ 200,000
Total liabilities	370,087	\$ -	781	200,000
Deferred inflows of resources				
Deferred property tax revenues	27,046	7,224		
Fund balance				
Nonspendable for:				
Prepaid items	8,870			
Inventory				
Restricted for:				
Emergencies	118,000			
Debt service		284,156		
Food service operations				
Scholarships				
Assigned to risk management activities	62,765			
Committed to:				
Pupil activities				
Capital projects				71,067
Unassigned	1,633,061			
Total fund balance	1,822,696	284,156	-	71,067
Total liabilities, deferred inflows of resources and fund balance	\$ 2,219,829	\$ 291,380	\$ 781	\$ 271,067

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 135,578	\$ 784,173
	282,576
60,000	419,683
	1,299,487
	84,146
1,203	2,382
	15,832
18,473	98,515
5,238	7,885
10,773	10,773
	8,870
<u>\$ 231,265</u>	<u>\$ 3,014,322</u>
\$ 4,443	\$ 81,223
	2,382
	291,706
9,677	209,677
<u>14,120</u>	<u>584,988</u>
	34,270
	8,870
10,773	10,773
	118,000
	284,156
57,182	57,182
82,653	82,653
	62,765
66,537	66,537
	71,067
	1,633,061
<u>217,145</u>	<u>2,395,064</u>
<u>\$ 231,265</u>	<u>\$ 3,014,322</u>

HAXTUN SCHOOL DISTRICT RE-2J
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental funds	\$ 2,395,064
Capital assets net of depreciation used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	11,501,799
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	34,270
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,758)
Long-term liabilities and related deferred outflows and inflows of resources, including bonds payable, capital lease obligations and net position and OBEP liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(10,233,458)</u>
Net position of the governmental activities	<u><u>\$ 3,686,917</u></u>

The accompanying notes are an integral part of these financial statements.

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HAXTUN SCHOOL DISTRICT RE-2J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund
Revenues				
Local sources	\$ 1,307,263	\$ 247,920		
Intermediate sources	84			
State sources	2,449,764		\$ 174,425	
Federal sources	468,502			
Total revenues	4,225,613	247,920	174,425	\$ -
Expenditures				
Instruction	2,694,699			
Supporting services	1,253,920			
Capital outlay			386,809	
Debt service				
Principal		142,498	173,858	
Interest and fiscal charges		107,591	53,358	
Total expenditures	3,948,619	250,089	614,025	-
Excess of revenues over (under) expenditures	276,994	(2,169)	(439,600)	-
Other financing sources (uses)				
Transfers in			370,219	70,781
Transfers out	(442,203)			
Total other financing sources (uses)	(442,203)	-	370,219	70,781
Net change in fund balances	(165,209)	(2,169)	(69,381)	70,781
Fund balance at beginning of year	1,987,905	286,325	69,381	286
Fund balance at end of year	<u>\$ 1,822,696</u>	<u>\$ 284,156</u>	<u>\$ -</u>	<u>\$ 71,067</u>

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 183,654	\$ 1,738,837
1,380	84
219,901	2,625,569
	688,403
404,935	5,052,893
133,973	2,828,672
198,179	1,452,099
	386,809
	316,356
	160,949
332,152	5,144,885
72,783	(91,992)
1,203	442,203
	(442,203)
1,203	-
73,986	(91,992)
143,159	2,487,056
<u>\$ 217,145</u>	<u>\$ 2,395,064</u>

HAXTUN SCHOOL DISTRICT RE-2J
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds	\$ (91,992)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	130,129
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(41,764)
In the statement of activities, certain operating expenses - accrued compensated absences and accrued interest payable - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	357
Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions and OPEB are reported as expense.	1,630,449
Repayment of principal on general obligation bonds and capital lease obligations are an expenditure in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	316,355
Change in net position of governmental activities	<u>\$ 1,943,534</u>

The accompanying notes are an integral part of these financial statements.

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HAXTUN SCHOOL DISTRICT RE-2J
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Private Purpose Trust Fund</u>
Assets	
Cash	\$ 2,368
Certificates of deposit	<u>48,600</u>
Total assets	<u>\$ 50,968</u>
Net position	
Restricted for scholarship recipients	<u>\$ 50,968</u>
Total net position	<u>\$ 50,968</u>

The accompanying notes are an integral part of these financial statements.

HAXTUN SCHOOL DISTRICT RE-2J
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Private Purpose Trust Fund
Additions	
Earnings on investments	\$ 487
Total additions	487
Deductions	
Scholarship payments	-
Total deductions	-
Change in net position	487
Net position at beginning of year	50,481
Net position at end of year	\$ 50,968

The accompanying notes are an integral part of these financial statements.

HAXTUN SCHOOL DISTRICT RE-2J

Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Haxtun School District RE-2J's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Haxtun School District RE-2J is a school district governed by an elected seven-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, risk-related transactions, debt service, scholarships, and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.

Building Fund – This fund is a capital projects fund used to account for the revenues from capital lease proceeds and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District’s nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District’s food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Scholarship Fund – This fund is used to account for the financial transactions related to the administration of scholarships that are awarded to students.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District’s own programs. The District has the following fiduciary fund:

Scholarship Trust Fund – This fund is a private-purpose trust fund used to account for the financial transactions related to the administration of scholarships that are awarded to area students.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department 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, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	0-25 years
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	5-10 years

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Compensated absence benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

Professional staff receive ten days sick leave per year with a maximum of 90 day accumulation. Upon leaving the District, professional staff will be paid \$25 per day for sick leave accumulated beyond fifty days with a maximum 90 days (40 possible days paid).

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that it will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Net position

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

The District applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note B – Cash and investments (Continued)

individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,323,941, of which \$250,000 was insured and \$1,073,941 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2021, the District had invested \$461,277 in COLOTRUST PLUS+ and \$838,210 in COLOTRUST PRIME, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note B – Cash and investments (Continued)

At year-end, the District had investments in Colotrust (a local government investment pool), which are maintained in the General Fund and the Capital Reserve Capital Projects Fund.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	\$ 1,299,487	\$ 1,299,487	\$ -	\$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colotrust was rated AAA by Standard and Poor’s.

The following table provides a reconciliation of cash and investments:

Cash in bank	\$ 786,541
Certificates of deposit	468,283
Investment in Colotrust	<u>1,299,487</u>
Total	<u>\$ 2,554,311</u>
 <u>Statement of net position</u>	
Cash	\$ 784,173
Certificates of deposit	419,683
Investments in Colotrust	<u>1,299,487</u>
Subtotal	2,503,343
 <u>Statement of fiduciary net position</u>	
Cash	2,368
Certificates of deposit	<u>48,600</u>
Subtotal	<u>50,968</u>
Total	<u>\$ 2,554,311</u>

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 84,146
Grants receivable	98,515
Other receivables	<u>7,885</u>
Total	<u>\$ 190,546</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. The Counties of Logan, Phillips, Yuma and Sedgwick bill and collect property taxes for all taxing entities within the Counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 1,601
Bond redemption fund	398	-
Building fund	-	781
Capital reserve capital projects fund	781	-
Other governmental funds	<u>1,203</u>	<u>-</u>
Total	<u>\$ 2,382</u>	<u>\$ 2,382</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 442,203
Building fund	370,219	-
Capital reserve capital projects fund	70,781	-
Other governmental funds	<u>1,203</u>	<u>-</u>
Total	<u>\$ 442,203</u>	<u>\$ 442,203</u>

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note D – Interfund transactions (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$442,203 from the General Fund to the Building Fund (\$370,219) and Capital Reserve Capital Projects Fund (\$70,781) in order to set aside funds for capital acquisitions. Additionally, the District transferred \$1,203 from the General Fund to the Other Governmental Funds to subsidize the costs of food service operations.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 111,556	\$ -	\$ -	\$ 111,556
Construction in progress	<u>3,968,802</u>	<u>385,789</u>	<u>(4,354,591)</u>	<u>-</u>
Total capital assets, not being depreciated	4,080,358	385,789	(4,354,591)	111,556
Capital assets, being depreciated:				
Land improvements	83,575	-	-	83,575
Buildings and improvements	9,697,430	-	4,354,591	14,052,021
Furniture and equipment	484,889	49,153	-	534,042
Licensed vehicles	<u>756,248</u>	<u>-</u>	<u>-</u>	<u>756,248</u>
Total capital assets, being depreciated	<u>11,022,142</u>	<u>49,153</u>	<u>4,354,591</u>	<u>15,425,886</u>
Total capital assets	15,102,500	434,942	-	15,537,442
Less accumulated depreciation for:				
Land improvements	(11,867)	(4,303)	-	(16,170)
Buildings and improvements	(2,933,968)	(240,712)	-	(3,174,680)
Furniture and equipment	(160,476)	(33,541)	-	(194,017)
Licensed vehicles	<u>(624,518)</u>	<u>(26,258)</u>	<u>-</u>	<u>(650,776)</u>
Total accumulated depreciation	<u>(3,730,829)</u>	<u>(304,814)</u>	<u>-</u>	<u>(4,035,643)</u>
Governmental activities capital assets, net	<u>\$ 11,371,671</u>	<u>\$ 130,128</u>	<u>\$ -</u>	<u>\$ 11,501,799</u>

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the District as follows:

Governmental activities		
Instruction	\$	23,838
Operations and maintenance		2,171
Student transportation		26,258
Food service operations		10,737
Unallocated		<u>241,810</u>
 Total	 \$	 <u>304,814</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$291,706. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 4,669	\$ 431	\$ -	\$ 5,100	\$ -
Capital lease obligations	1,394,499	-	(173,857)	1,220,642	181,980
Bonds payable	<u>2,640,391</u>	<u>-</u>	<u>(142,498)</u>	<u>2,497,893</u>	<u>148,465</u>
 Total	 <u>\$ 4,039,559</u>	 <u>\$ 431</u>	 <u>\$ (316,355)</u>	 <u>\$ 3,723,635</u>	 <u>\$ 330,445</u>

Payments on the bonds are made in the Bond Redemption Fund, while payments on the capital lease obligation will be made in the Capital Projects and Building Funds. The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note G – Long-term debt (Continued)

Capital lease obligations

Facility renovation obligation – In September 2018, the District entered into an agreement with All American Investment Group, LLC to finance the costs of building renovations, which serve as collateral for the agreement. The agreement called for a lease term of ten years with annual renewal options. Quarterly payments ranging from \$35,215 to \$58,940 are due on September, December, March and June 18th of each year, with a final payment due in fiscal year 2029. The average interest rate over the lease term is 4.02%. The District has capitalized \$1,515,463 of assets under this capital lease.

The agreement contains a provision that, in the event of default and with or without terminating the contract, the obligee may (a) declare all contract payments to the end of the then-current budget year to be immediately due, (b) require the District—at the District’s expense—to deliver the equipment to the obligee within 15 days after default, or allow the obligee to take possession of the equipment at the District’s expense, subject to the availability of lawfully budgeted and appropriated funds (the District shall still be obligated to pay the remaining contract payments due up until the end of the then-current lease term, and is liable for any damage to the equipment), and (c) take whatever action at law or in equity that may appear necessary, with the District being responsible for all reasonable costs, including reasonable attorney fees.

The following is a schedule by years of future minimum lease payments under the capital leases above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended June 30,</u>	<u>Debt service requirement</u>
2022	\$ 228,241
2023	234,591
2024	235,760
2025	140,860
2026	140,900
2027-2029	<u>425,478</u>
Total minimum lease payments	1,405,830
Less amount representing interest	<u>(185,188)</u>
Present value of future net minimum lease payments	<u>\$ 1,220,642</u>

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note G – Long-term debt (Continued)

Bonds Payable

\$3,385,862 general obligation bonds, dated November 20, 2013, due in annual installments beginning in fiscal year 2013 ranging from \$114,430 to \$242,900; fixed annual interest rate of 4.18% payable semi-annually on June 1st and December 1st.

Total general obligation bonds \$ 2,497,893

The following schedule represents the District’s debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 148,465	\$ 101,498
2023	154,683	95,151
2024	161,160	88,537
2025	167,910	81,647
2026	174,941	74,468
2027-2031	990,931	253,681
2032-2034	<u>699,803</u>	<u>44,761</u>
Totals	<u>\$ 2,497,893</u>	<u>\$ 739,743</u>

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

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 (FNP) and additions to/deductions from the FNP 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

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. Section 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- \$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. 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. Section 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership 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. Section 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 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. Section 24-51-401, *et seq.* and Section 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:

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

	July 1, 2020 Through <u>June 30, 2021</u>
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>19.88%</u></u>

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

As specified in C.R.S. Section 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 \$409,641 for the year ended June 30, 2021.

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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

\$207,421 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,___</u>	<u>Amount</u>
2022	\$ (777,478)
2023	404,014
2024	(62,269)
2025	<u>(201,942)</u>
Totals	<u>\$ (637,675)</u>

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
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.

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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar 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.

The mortality assumption for disabled retirees 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 periods 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, 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%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%–11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 Healthy 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.

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 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u><u>100.00%</u></u>	

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 nominal 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:

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing 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 FNP, 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 index 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's 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	\$ 7,932,654	\$ 5,815,379	\$ 4,050,992

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note I – Defined contribution pension plan

Voluntary Investment Program

Plan description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note I – Defined contribution pension plan (Continued)

Funding policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$10,656 for the Voluntary Investment Program.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of Significant Accounting Policies

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 (FNP) and additions to/deductions from the FNP 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.

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

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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. Section 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.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based 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. Section 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 benefit recipients 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

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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.

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 \$21,018 for the year ended June 30, 2021.

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

At year-end, the District reported a liability of \$211,423 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's proportion of the net OPEB liability was based on the District's 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's proportion was 0.0222 percent, which was an increase of 0.0004 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,860. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 552	\$ 45,830
Changes of assumptions or other inputs	1,547	12,964
Net difference between projected and actual earnings on OPEB plan investments	-	8,592
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,191	3,313
Contributions subsequent to the measurement date	<u>10,642</u>	<u>-</u>
Total	<u>\$ 17,932</u>	<u>\$ 70,699</u>

\$10,642 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, ___</u>	<u>Amount</u>
2022	\$ (15,672)
2023	(14,483)
2024	(14,875)
2025	(13,472)
2026	(4,617)
2027	<u>(290)</u>
Total	<u>\$ (63,409)</u>

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:

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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 December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Initial Costs for Members without Medicare Part A

<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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 used to measure the total OPEB liability are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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:

- **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.

The mortality assumption for disabled retirees 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

	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%	N/A

¹ C.R.S. Section 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.

The long-term rate of return, net of OPEB plan investment expenses, 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.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy 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 mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table 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 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.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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 roll forward calculation 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 capita 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 to 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 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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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 nominal rate of return assumption of 7.25 percent.

Sensitivity of the District's 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 205,958	\$ 211,423	\$ 217,784

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.

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- 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:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>242,189</u>	\$ <u>211,423</u>	\$ <u>185,136</u>

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

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Local Government Budget Law

Expenditures in the Food Service Fund and Building Fund exceeded appropriations by \$17,221 and \$174,025, respectively, and may be in violation of Colorado Local Government Budget Laws.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 7, 1995, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by

HAXTUN SCHOOL DISTRICT RE-2J
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$118,000 for the emergency reserve.

Note M – Joint venture

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's financial contribution was \$106,495.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund

HAXTUN SCHOOL DISTRICT RE-2J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,262,257	\$ 1,262,257	\$ 1,307,263	\$ 45,006
Intermediate sources	250	250	84	(166)
State sources	2,306,576	2,306,576	2,449,764	143,188
Federal sources	59,770	59,770	468,502	408,732
Total revenues	3,628,853	3,628,853	4,225,613	596,760
Expenditures				
Instruction	2,527,063	2,527,063	2,694,699	(167,636)
Supporting services	1,240,681	1,240,681	1,253,920	(13,239)
Appropriated reserves	1,208,109	1,208,109		1,208,109
Total expenditures	4,975,853	4,975,853	3,948,619	1,027,234
Excess of revenues over (under) expenditures	(1,347,000)	(1,347,000)	276,994	1,623,994
Other financing uses				
Transfers out	(244,000)	(244,000)	(442,203)	(198,203)
Net change in fund balance	\$ (1,591,000)	\$ (1,591,000)	(165,209)	\$ 1,425,791
Fund balance at beginning of year			1,987,905	
Fund balance at end of year			\$ 1,822,696	

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HAXTUN SCHOOL DISTRICT RE-2J
Schedule of the District's Proportionate Share of the Net Pension Liability¹
PERA's School Division Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net pension liability	0.0385%	0.0334%	0.0335%	0.0385%
District's proportionate share of the net pension liability	\$ 5,815,379	\$ 4,989,445	\$ 5,930,192	\$ 12,444,436
State's proportionate share of the net pension liability	-	632,848	810,871	-
Total	<u>\$ 5,815,379</u>	<u>\$ 5,622,293</u>	<u>\$ 6,741,063</u>	<u>\$ 12,444,436</u>
District's covered payroll	\$ 2,057,540	\$ 1,961,954	\$ 1,841,156	\$ 1,775,233
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.64%	254.31%	322.09%	701.00%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
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0.0395%	0.0399%	0.0391%	0.0380%
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\$ 11,767,892	\$ 6,097,849	\$ 5,296,382	\$ 4,840,625
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-	-	-	-
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<u>\$ 11,767,892</u>	<u>\$ 6,097,849</u>	<u>\$ 5,296,382</u>	<u>\$ 4,840,625</u>
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\$ 1,773,918	\$ 1,737,529	\$ 1,637,088	\$ 1,529,921
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663.38%	350.95%	323.52%	316.40%
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43.10%	59.20%	62.84%	64.10%
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HAXTUN SCHOOL DISTRICT RE-2J
Schedule of District Contributions¹
PERA's School Division Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 409,641	\$ 401,607	\$ 354,202	\$ 339,870
Contributions in relation to the contractually required contribution	<u>(409,641)</u>	<u>(401,607)</u>	<u>(354,202)</u>	<u>(339,870)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,060,564	\$ 2,072,401	\$ 1,851,552	\$ 1,799,635
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.89%

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 326,815	\$ 311,474	\$ 285,555	\$ 254,527
<u>(326,815)</u>	<u>(311,474)</u>	<u>(285,555)</u>	<u>(254,527)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,777,937	\$ 1,756,177	\$ 1,690,240	\$ 1,591,454
18.38%	17.74%	16.89%	15.99%

HAXTUN SCHOOL DISTRICT RE-2J
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.0222%	0.0218%	0.0218%	0.0219%
District's proportionate share of the net OPEB liability	\$ 211,423	\$ 245,255	\$ 296,177	\$ 284,178
District's covered payroll	\$ 2,057,540	\$ 1,961,954	\$ 1,841,156	\$ 1,775,233
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

June 30, 2017

0.0225%

\$ 291,280

\$ 1,773,918

16.42%

16.72%

-

HAXTUN SCHOOL DISTRICT RE-2J
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 21,018	\$ 21,138	\$ 18,886	\$ 18,356
Contributions in relation to the contractually required contribution	<u>(21,018)</u>	<u>(21,138)</u>	<u>(18,886)</u>	<u>(18,356)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,060,564	\$ 2,072,401	\$ 1,851,552	\$ 1,799,635
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

June 30, 2017

\$ 18,135

(18,135)

\$ -

\$ 1,777,937

1.02%

HAXTUN SCHOOL DISTRICT RE-2J
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

HAXTUN SCHOOL DISTRICT RE-2J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,080,957	\$ 1,080,957	\$ 1,100,196	\$ 19,239
Specific ownership taxes	87,000	87,000	149,241	62,241
Delinquent taxes and interest	3,000	3,000	2,266	(734)
Earnings on investments	10,000	10,000	2,693	(7,307)
Pupil activities and fees	25,600	25,600	21,637	(3,963)
Other local revenue	55,700	55,700	31,230	(24,470)
Total local sources	1,262,257	1,262,257	1,307,263	45,006
Intermediate sources	250	250	84	(166)
State sources				
Equalization	2,100,366	2,100,366	2,155,958	55,592
Vocational education	60,000	60,000	59,301	(699)
Transportation	27,600	27,600	28,464	864
ELPA professional development	1,000	1,000	1,793	793
English language proficiency	860	860	1,601	741
State grants to libraries	3,500	3,500	3,500	-
Small rural schools funding			105,200	105,200
Additional at-risk funding			1,321	1,321
Career success pilot program			1,330	1,330
READ act	6,300	6,300	5,128	(1,172)
CDHS OED grant			1,875	1,875
Services within the BOCES	106,950	106,950	84,293	(22,657)
Total state sources	2,306,576	2,306,576	2,449,764	143,188
Federal sources				
Coronavirus relief			181,479	181,479
ESSER - education stabilization fund			54,817	54,817
CRF: K-12 at-risk pupils			15,832	15,832
NSLP equipment assistance			9,655	9,655
Carl Perkins			81,023	81,023
REAP	6,200	6,200	33,222	27,022
Services within the BOCES	53,570	53,570	92,474	38,904
Total federal sources	59,770	59,770	468,502	408,732
Total revenues	\$ 3,628,853	\$ 3,628,853	\$ 4,225,613	\$ 596,760

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HAXTUN SCHOOL DISTRICT RE-2J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 1,577,610	\$ 1,577,610	\$ 1,519,845	\$ 57,765
Employee benefits	513,933	513,933	446,103	67,830
Purchased services	255,519	255,519	497,903	(242,384)
Supplies and materials	179,001	179,001	230,848	(51,847)
Other	1,000	1,000		1,000
Total instruction	2,527,063	2,527,063	2,694,699	(167,636)
Supporting services				
Students				
Salaries	87,570	87,570	55,320	32,250
Employee benefits	21,940	21,940	19,364	2,576
Supplies and materials	2,700	2,700		2,700
Total students	112,210	112,210	74,684	37,526
Instructional staff				
Salaries	8,400	8,400	26,241	(17,841)
Employee benefits	5,377	5,377	5,728	(351)
Purchased services	6,994	6,994	10,023	(3,029)
Supplies and materials	28,600	28,600	73,238	(44,638)
Total instructional staff	49,371	49,371	115,230	(65,859)
General administration				
Salaries	109,900	109,900	111,565	(1,665)
Employee benefits	40,557	40,557	40,514	43
Purchased services	19,200	19,200	29,376	(10,176)
Supplies and materials	8,200	8,200	9,762	(1,562)
Other	5,800	5,800	7,026	(1,226)
Total general administration	183,657	183,657	198,243	(14,586)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	194,500	194,500	206,080	(11,580)
Employee benefits	65,101	65,101	67,448	(2,347)
Purchased services	20,749	20,749	9,411	11,338
Supplies and materials	500	500	1,123	(623)
Other			460	(460)
Total school administration	280,850	280,850	284,522	(3,672)
Business services				
Salaries	49,800	49,800	50,192	(392)
Employee benefits	18,080	18,080	18,197	(117)
Purchased services	17,700	17,700	15,149	2,551
Supplies and materials	700	700	1,445	(745)
Total business services	86,280	86,280	84,983	1,297
Operations and maintenance				
Salaries	113,000	113,000	115,934	(2,934)
Employee benefits	53,056	53,056	46,328	6,728
Purchased services	63,600	63,600	74,513	(10,913)
Supplies and materials	130,000	130,000	95,901	34,099
Other			3,106	(3,106)
Total operations and maintenance	359,656	359,656	335,782	23,874
Student transportation				
Salaries	65,400	65,400	47,210	18,190
Employee benefits	14,617	14,617	10,303	4,314
Purchased services	30,370	30,370	39,657	(9,287)
Supplies and materials	28,000	28,000	17,359	10,641
Total student transportation	138,387	138,387	114,529	23,858

(continued)

HAXTUN SCHOOL DISTRICT RE-2J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	30,270	30,270	36,292	(6,022)
Total central support services	30,270	30,270	36,292	(6,022)
Food service operations				
Property			9,655	(9,655)
Total food service operations	-	-	9,655	(9,655)
Total supporting services	1,240,681	1,240,681	1,253,920	(13,239)
Appropriated reserves	1,208,109	1,208,109		1,208,109
Total expenditures	<u>\$ 4,975,853</u>	<u>\$ 4,975,853</u>	<u>\$ 3,948,619</u>	<u>\$ 1,027,234</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.
- Scholarship Fund – This fund is used to account for the financial transactions related to the administration of scholarships that are awarded to students.

HAXTUN SCHOOL DISTRICT RE-2J
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2021

	Food Service Fund	Pupil Activity Fund	Scholarship Fund	Totals
Assets				
Cash	\$ 44,766	\$ 68,159	\$ 22,653	\$ 135,578
Certificates of deposit			60,000	60,000
Due from other funds	1,203			1,203
Grants receivable	18,473			18,473
Other receivables	5,238			5,238
Inventory	10,773			10,773
Total assets	\$ 80,453	\$ 68,159	\$ 82,653	\$ 231,265
Liabilities				
Accounts payable	\$ 2,821	\$ 1,622		\$ 4,443
Unearned revenue	9,677			9,677
Total liabilities	12,498	1,622	\$ -	14,120
Fund balance				
Nonspendable inventory	10,773			10,773
Restricted for:				
Food service operations	57,182			57,182
Scholarships			82,653	82,653
Committed to:				
Pupil activities		66,537		66,537
Total fund balance	67,955	66,537	82,653	217,145
Total liabilities and fund balance	\$ 80,453	\$ 68,159	\$ 82,653	\$ 231,265

HAXTUN SCHOOL DISTRICT RE-2J
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	Food Service Fund	Pupil Activity Fund	Scholarship Fund	Totals
Revenues				
Local sources	\$ 35,652	\$ 136,388	\$ 11,614	\$ 183,654
State sources	1,380			1,380
Federal sources	219,901			219,901
Total revenues	256,933	136,388	11,614	404,935
Expenditures				
Instruction		123,173	10,800	133,973
Supporting services	198,179			198,179
Total expenditures	198,179	123,173	10,800	332,152
Excess of revenues over (under) expenditures	58,754	13,215	814	72,783
Other financing sources				
Transfers in	1,203			1,203
Net change in fund balance	59,957	13,215	814	73,986
Fund balance at beginning of year	7,998	53,322	81,839	143,159
Fund balance at end of year	\$ 67,955	\$ 66,537	\$ 82,653	\$ 217,145

HAXTUN SCHOOL DISTRICT RE-2J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 88,101	\$ 88,101	\$ 35,652	\$ (52,449)
State sources	1,983	1,983	1,380	(603)
Federal sources	82,374	82,374	219,901	137,527
Total revenues	172,458	172,458	256,933	84,475
Expenditures				
Supporting services				
Purchased services	168,379	168,379	111,786	56,593
Supplies and materials	11,479	11,479	86,393	(74,914)
Property	1,000	1,000		1,000
Appropriated reserves	100	100		100
Total expenditures	180,958	180,958	198,179	(17,221)
Excess of revenues over (under) expenditures	(8,500)	(8,500)	58,754	67,254
Other financing sources				
Transfers in	8,000	8,000	1,203	(6,797)
Net change in fund balance	\$ (500)	\$ (500)	59,957	\$ 60,457
Fund balance at beginning of year			7,998	
Fund balance at end of year			\$ 67,955	

HAXTUN SCHOOL DISTRICT RE-2J
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 275,000	\$ 275,000	\$ 136,388	\$ (138,612)
Expenditures				
Instruction				
Purchased services			42,624	(42,624)
Supplies and materials			80,549	(80,549)
Appropriated reserves	330,000	330,000		330,000
Total expenditures	330,000	330,000	123,173	206,827
Excess of revenues over (under) expenditures	\$ (55,000)	\$ (55,000)	13,215	\$ 68,215
Fund balance at beginning of year			53,322	
Fund balance at end of year			\$ 66,537	

HAXTUN SCHOOL DISTRICT RE-2J
Scholarship Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 12,400	\$ 12,400	\$ 11,614	\$ (786)
Expenditures				
Instruction				
Scholarship payments	12,000	12,000	10,800	1,200
Appropriated reserves	90,400	90,400		90,400
Total expenditures	<u>102,400</u>	<u>102,400</u>	<u>10,800</u>	<u>91,600</u>
Excess of revenues over (under) expenditures	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	814	<u>\$ 90,814</u>
Fund balance at beginning of year			<u>81,839</u>	
Fund balance at end of year			<u>\$ 82,653</u>	

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – This fund is used to account for the revenues from specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal changes.

HAXTUN SCHOOL DISTRICT RE-2J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 229,834	\$ 229,834	\$ 245,835	\$ 16,001
Delinquent taxes and interest			1,744	1,744
Earnings on investments	3,500	3,500	341	(3,159)
Total revenues	233,334	233,334	247,920	14,586
Expenditures				
Debt service				
Principal	142,498	142,498	142,498	-
Interest and fiscal charges	107,591	107,591	107,591	-
Appropriated reserves	258,245	258,245		258,245
Total expenditures	508,334	508,334	250,089	258,245
Net change in fund balance	\$ (275,000)	\$ (275,000)	(2,169)	\$ 272,831
Fund balance at beginning of year			286,325	
Fund balance at end of year			\$ 284,156	

Budgetary Comparison Schedule - Capital Projects Funds

The District reports the following major capital projects funds:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Building Fund – This fund is used to account for the revenues from capital lease proceeds and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.
- Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays, acquisition, or construction of major capital facilities and other capital assets.

HAXTUN SCHOOL DISTRICT RE-2J
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 200,000	\$ 200,000	\$ 174,425	\$ (25,575)
Total revenues	200,000	200,000	174,425	(25,575)
Expenditures				
Capital outlay				
Property	200,000	200,000	386,809	(186,809)
Debt service				
Principal	173,857	173,857	173,858	(1)
Interest and fiscal charges	53,359	53,359	53,358	1
Appropriated reserves	12,784	12,784		12,784
Total expenditures	440,000	440,000	614,025	(174,025)
Excess of revenues over (under) expenditures	(240,000)	(240,000)	(439,600)	(199,600)
Other financing sources				
Transfers in	230,000	230,000	370,219	140,219
Net change in fund balance	\$ (10,000)	\$ (10,000)	(69,381)	\$ (59,381)
Fund balance at beginning of year			69,381	
Fund balance at end of year			\$ -	

HAXTUN SCHOOL DISTRICT RE-2J
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 500	\$ 500		\$ (500)
State sources	35,000	35,000		(35,000)
Total revenues	35,500	35,500	\$ -	(35,500)
Expenditures				
Debt service				
Principal	44,000	44,000		44,000
Appropriated reserves	39,500	39,500		39,500
Total expenditures	83,500	83,500	-	83,500
Excess of revenues over (under) expenditures	(48,000)	(48,000)	-	48,000
Other financing sources				
Transfers in	41,000	41,000	70,781	29,781
Net change in fund balance	\$ (7,000)	\$ (7,000)	70,781	\$ 77,781
Fund balance at beginning of year			286	
Fund balance at end of year			\$ 71,067	

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Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to account for the financial transactions related to the administration of scholarships that are awarded to area students.

HAXTUN SCHOOL DISTRICT RE-2J
Scholarship Trust Fund
Schedule of Revenues, Expenditures and Changes in Net Position
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 480	\$ 480	\$ 487	\$ 7
Total revenues	480	480	487	7
Expenditures				
Scholarship payments	680	680		680
Appropriated reserves	48,600	48,600		48,600
Total expenditures	49,280	49,280	-	49,280
Change in net position	\$ (48,800)	\$ (48,800)	487	\$ 49,287
Net position at beginning of year			50,481	
Net position at end of year			\$ 50,968	

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Haxtun School District RE-2J
Haxtun, Colorado

We have audited the financial statements of the Haxtun School District RE-2J (the District) as of and for the year ended June 30, 2021, and our report thereon dated December 3, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 3, 2021



Colorado Department of Education
Auditors Integrity Report
 District: 2630 - Harton RE-2J
 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	1,915,366	3,710,676	3,874,982	1,751,061
18 Risk Mgmt Sub-Fund of General Fund	72,540	72,733	73,638	71,635
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	1,987,906	3,783,409	3,948,619	1,822,696
11 Charter School Fund	0	0	0	0
20.26-29 Special Revenue Fund	81,839	11,614	10,600	82,653
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	7,997	258,136	198,178	67,955
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupl Activity Special Revenue Fund	53,322	136,388	123,173	66,537
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	286,325	247,920	250,089	284,156
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	69,381	544,644	614,025	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	286	70,781	0	71,067
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
Totals	2,487,057	5,052,893	5,144,895	2,395,065
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60.65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	50,481	487	0	50,968
73 Agency Fund	0	0	0	0
74 Pupl Activity Agency Fund	0	0	0	0
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	50,481	487	0	50,968

FINAL