

cPa DIXON, WALLER & CO., INC.

PROWERS COUNTY

SCHOOL DISTRICT RE-1

GRANADA, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2021

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

PROWERS COUNTY
SCHOOL DISTRICT RE-1
FINANCIAL STATEMENTS
JUNE 30, 2021

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	i-xi
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet To Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8

Notes to Basic Financial Statements..... 9-42

REQUIRED SUPPLEMENTARY INFORMATION:

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Governmental Funds:

General Fund 43-45

Pension Trend Data:

Schedule of Proportionate Share of Net Pension Liability..... 46

Schedule of District Contributions - Pension..... 47

Other Post Employment Benefits (OPEB) Trend Data:

Schedule of Proportionate Share of Net OPEB Liability..... 48

Schedule of District Contributions – OPEB..... 49

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES:

Combining Balance Sheet – Nonmajor Governmental Funds..... 50

Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds 51

Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual:

Food Service – Special Revenue Fund 52

Pupil Activity – Special Revenue Fund..... 53

STATE REQUIRED SCHEDULE:

Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund) 54

Bolded Balance Sheet..... 55-57

PROWERS COUNTY SCHOOL DISTRICT RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2021

BOARD OF EDUCATION

Natalie Musick	President
Leonel Morales	Vice-President
Andria Riddle	Treasurer
Rita Marquez	Secretary
Denyce Block	Member
David Holden	Member

SCHOOL OFFICIALS

Ty Kemp	Superintendent
Linda Bezona	Business Manager

FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Prowers County School District RE-1
Granada, Colorado 81041

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Prowers County School District RE-1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Prowers County School District RE-1, as of June 30, 2021, and the respective changes in financial position thereof 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, and pension and other post employment benefits trend data on pages i through xi and 43 through 49 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 Prowers County School District RE-1's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules, and state required schedules are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements, other schedules, and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.



Trinidad, Colorado
November 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROWERS COUNTY SCHOOL DISTRICT RE-1 GRANADA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

As management of the Prowers County School District RE-1, we offer readers of the Prowers County School District RE-1's financial statements this narrative overview and analysis of the financial activities of the Prowers County School District RE-1 for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

Financial Highlights

- The District's governmental activities decreased \$860,805 over the course of the 2021 fiscal year. Total net assets increased 132 percent, due to an increase in capital assets and the GASB 68 rule which requires the District to show a Net Pension Obligation of \$6,444,760. Net Position is no longer divided between governmental activities and business-type activities.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$2,454,839 or 50 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$2,277,740 or 46 percent of total revenues of \$4,901,367.
- The District had \$2,332,654 in expenses related to governmental activities; \$2,277,740 of these expenses were offset by program specific charges for services, grants and contributions.
- Outlays for capital assets were primarily comprised of the purchase of labor and materials for major repairs to the school building, through Best Grant funds.
- Business-type activities are no longer separated out since the Food Service fund changed from an Enterprise Fund to a Special Revenue Fund as of July 1, 2014. Revenue in the food service fund from charges for services and operating grants and contributions was not sufficient to cover expenses in the 2021 fiscal year. \$80,000 was transferred from the General fund.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements, Statement of Net Position and Statement of Activities are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-and long-term financial information about the activities the District operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements, and includes a comparison to the District's budget for the year.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Prowers County School District RE-1's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Prowers County School District RE-1 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue 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)

The district-wide financial statement no longer distinguishes functions of the District that were principally supported by taxes and intergovernmental revenues (government activities) from other

functions that were intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities now include the District's basic services such as regular and special education, transportation, administration, and food services.

The district-wide financial statements can be found on pages 3 & 4 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Prowers County School District RE-1, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Most of the District's basic services are included in 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) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information in the reconciliation of the governmental funds statements explains the relationship (or differences) between them.

Prowers County School District RE-1 maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is reported as a major fund. The pupil activity and food service is reported as non-major funds.

Proprietary funds: Until the 2014-15 school year, Food Service had been an Enterprise fund and was presented under business-type activities in the district-wide financial statements. It is now presented under other governmental funds. The depreciation expense was dropped when Food Service changed to a special revenue fund. Prowers County School District RE-1 uses proprietary funds to account for its nutrition services.

Non-major Governmental Funds provide the same type of information as the district-wide financial statements, only in more detail. The non-major governmental fund financial statement provides separate information for the nutrition services and pupil activity.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 12-27 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes statements budget-to-actual information for all funds as dictated by state law.

District-wide Financial Analysis

The fiscal year ended June 30, 2021, is the seventeenth year in which the financial statements of the District are reported following GASB Statement 34. Therefore, comparative information to the prior year is available for this section of the Management Discussion and Analysis.

Table 1 provides a summary of the district's net position at June 30, 2020 & June 30, 2021.

NET POSITION

	2021	2020
	Governmental	Governmental
	Activities	Activities
ASSETS		
Current and Other Assets	3,629,920	5,854,641
Capital Assets	7,890,443	5,617,047
Total Assets	<u>11,520,363</u>	<u>11,471,688</u>
Deferred Outflows	<u>1,233,863</u>	<u>798,415</u>
LIABILITIES		
Current and Other Liabilities	527,828	1,851,837
Long Term Liabilities	5,920,307	5,514,239
Total Liabilities	<u>6,448,135</u>	<u>7,366,076</u>
Deferred Inflows	<u>1,788,031</u>	<u>2,951,305</u>
NET POSITION		
Net Investment in Capital Assets	5,957,470	4,429,168
Restricted for:		
Labor Reserve	129,000	91,000
Capital Outlay	-	812,121
Food Service	19,665	-
Preschool	12,960	5,600
Unrestricted	<u>(1,601,035)</u>	<u>(3,385,167)</u>
	<u>4,518,060</u>	<u>1,952,722</u>

Table 2 provides a summary of the changes in net assets. Following Table 2 is a specific discussion related to overall revenues and expenses.

**Table 2:
Changes in Net Position**

	2021 Governmental Activities	2020 Governmental Activities
Revenues		
Charges for Services	159,483	125,691
Operating Grants and Contributions	591,805	293,904
Capital Grants and Contributions	1,523,077	1,784,817
Property taxes	451,567	438,529
Specific Ownership Taxes	69,338	69,967
Equalization	1,933,934	2,121,370
Earnings on investments	29,382	40,133
Other Revenues	139,406	88,458
Transfers	-	-
TOTAL REVENUES	4,897,992	4,962,869
Expenses		
Instructional services	1,675,786	1,764,077
Students	229,074	65827
Instructional staff	74,199	75461
District administration	225,272	221435
School administration	45,870	44334
Business	0	0
Operation and maintenance of facilities	728,517	502160
Transportation	117,367	147752
Central	44,452	63016
Other	32,658	32473
Food Service	170,032	163,585
Capital outlay	-	-
Interest and Fiscal charges	112,158	-
Pension Change	(1,109,086)	(827179)
OPEB Change	(13,645)	(7173)
TOTAL EXPENSES	2,332,654	2,245,768
Increase (Decrease in Net Position)	2,565,338	2,717,101

Property taxes and per pupil state formula revenue (state equalization) account for most of the District’s revenue, contributing about 15 cents and 57 cents respectively for every dollar raised (see Table 3). Another 18 cents came from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District expenses predominantly relate to instruction and support services, which includes support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Prowers County School District RE-1 is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District’s employees.

Detailed below in Tables 3 and 4 are charts displaying revenues by source and expenses by program for the total school district.

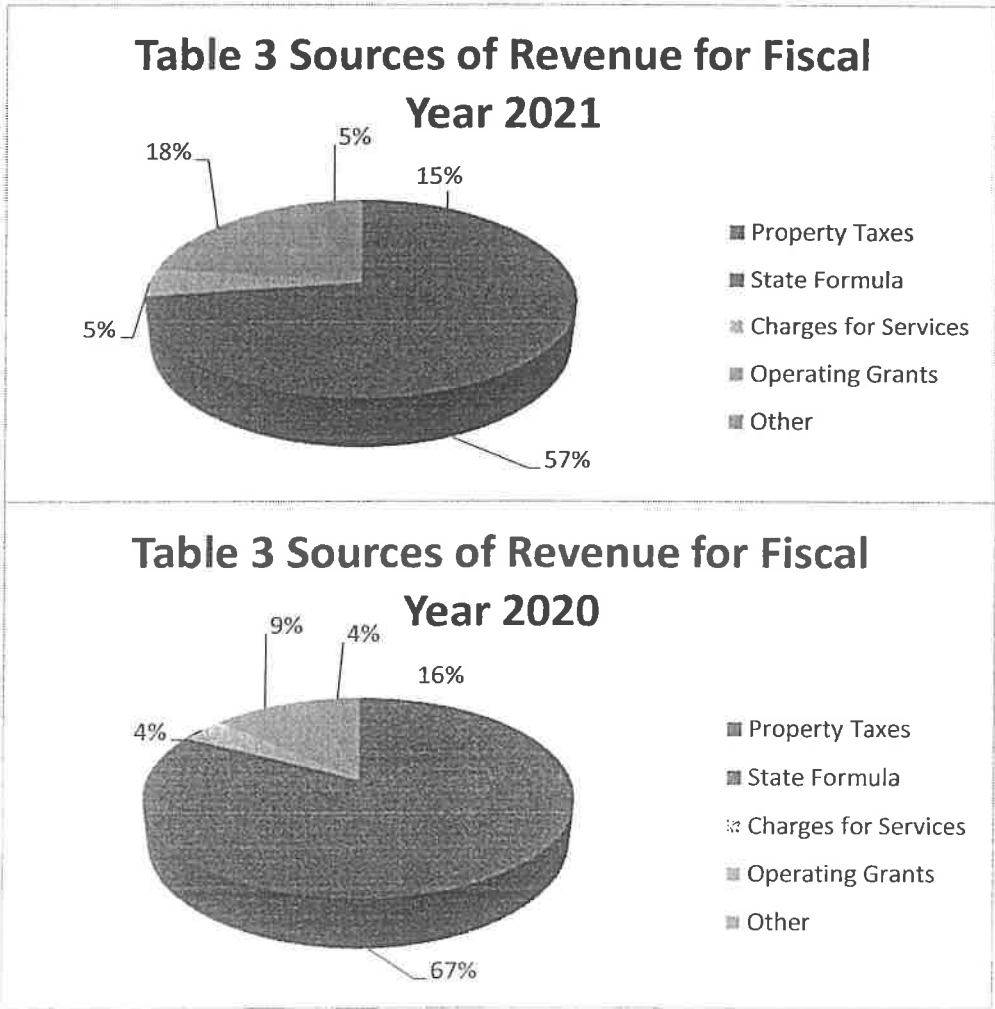


Table 4 Expenses for Fiscal Year 2021

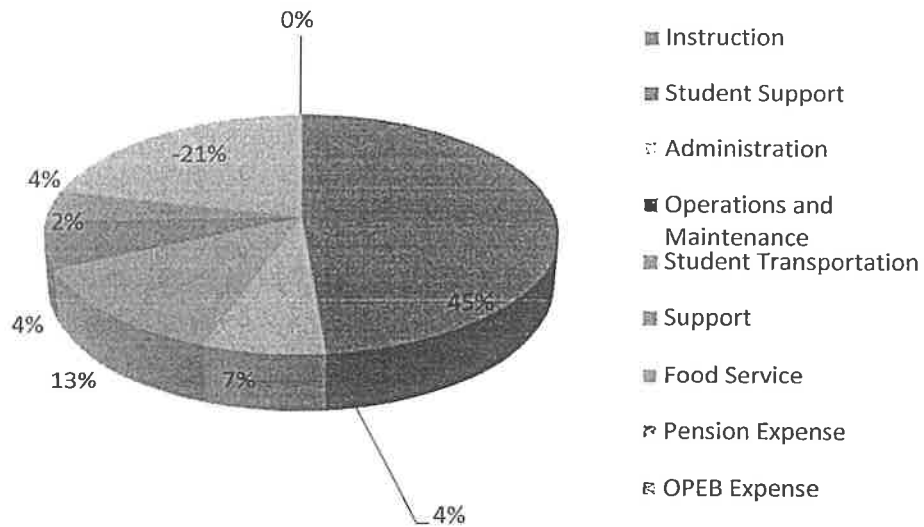
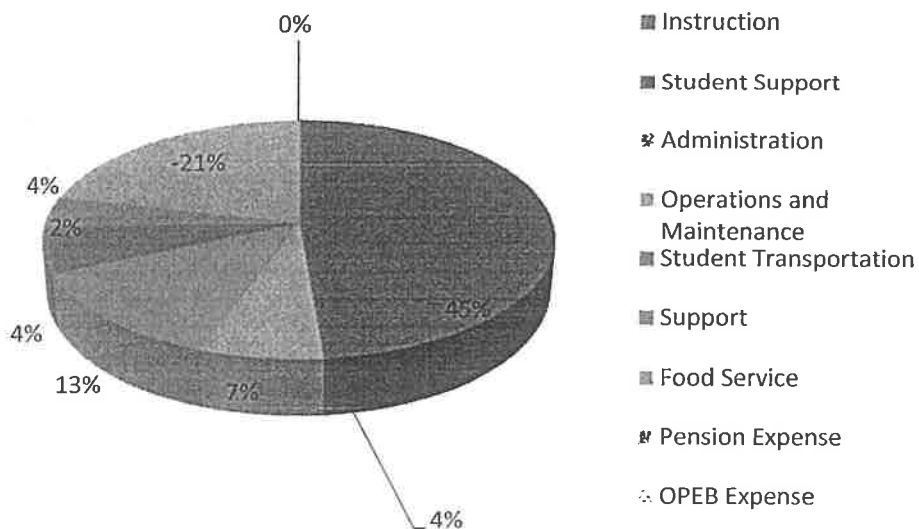


Table 4 Expenses for Fiscal Year 2020



Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the district received, \$12,774.63 per funded student. In fiscal year 2020-2021, the funded pupil count was 193.5. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization. The district receives approximately 57 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax. The district receives approximately 15 percent of funding from property tax.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program’s net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these programs.

Table - 5 Governmental Activities by Major Function

	2021		2020	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	1,675,786	(1,204,340)	1,764,077	(1,443,480)
Students	229,074	(79,254)	65,827	(65,827)
Instructional staff	74,199	(74,199)	75,461	(75,461)
District administration	225,272	(225,272)	221,435	(221,435)
School administration	45,870	(45,870)	44,334	(44,334)
Business	0	-	0	-
Operation and maintenance of facilities	728,517	(721,317)	502,160	1,288,057
Transportation	117,367	(99,165)	147,752	(130,257)
Central	44,452	(44,452)	63,016	(63,016)
Other	32,658	(32,658)	32,473	(32,473)
Food Service	170,032	(65,412)	163,585	(87,482)
Capital outlay	-	1,523,077	-	-
Interest and Fiscal charges	112,158	(112,158)	-	-
Pension Change	(1,109,086)	1,109,086	(827,179)	827,179
OPEB Change	(13,645)	13,645	(7,173)	7,173
Total	2,332,654	(58,289)	2,245,768	(41,356)

- The cost of all governmental activities this year was \$2,332,654.
- Federal and State government subsidized certain programs with grants and contributions amounting to \$2,118,257.
- Most of the District's costs were financed by District and State taxpayers for a total of \$2,454,839.
- This portion of governmental activities was financed with \$520,905 in property taxes, \$1,933,934 in state aid (equalization) based on the statewide formula for per pupil funding, and \$29,382 in investment earnings and other miscellaneous revenues, \$139,406 not pertaining specifically to a program.

Business-type Activities

Business-type activities are no longer reported separately since the Food Service fund changed from an Enterprise Fund to a Special Revenue Fund as of July 1, 2014. Lunch prices increased in the 2012-13 school year. In future years, lunch prices and other charges may be adjusted to continue to meet expected costs.

Financial Analysis of the District's Funds

Information about the District's funds starts on page 5. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$4,817,867 and expenditures of \$5,678,672. The net change in governmental fund balances for the year was most significant after transferring 80,000 to food service and 36,096 to pupil activity.

General Fund Budgetary Highlights

The actual expenditures were \$2,537,258 below budget, primarily because the District budgeted \$7,881,467 from fund balance for unplanned expenditures (contingency). The District did not spend any of the contingency on the assets purchased. The fund balance as of June 30, 2021 (budgetary basis) was \$3,052,612, compared to \$3,949,688 as of June 30, 2020, including \$129,000, and \$91,000 respectively, for TABOR Amendment emergency reserves.

Capital Assets

By the end of the fiscal year 2021, the District had invested \$11,769,284 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 6.)

Table 6: Capital Assets (Net of Depreciation)

	<u>Governmental 2020-2021</u>	<u>Governmental 2019-2020</u>
Land & Sites	488,022	488,022
Construction in Progress	-	2,897,267
Buildings & Improvements	7,003,138	1,792,820
Vehicles	60,436	92,744
Equipment	338,847	346,194
Total Capital Assets	<u>7,890,443</u>	<u>5,617,047</u>

CHANGES IN LONG TERM DEBT

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2021</u>
Equipment Lease Purchase - Series 2020	2,000,000		67,027	1,932,973
Totals	<u>2,000,000</u>	<u>-</u>	<u>67,027</u>	<u>1,932,973</u>

Factors Bearing on the District’s Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Information from the 2020-2021 student enrollment “October count” shows that Prowers County School District RE-1 had a few less students than last year. The Stabilization factor resulted in an increase in revenue from the funded pupil count.
- Based on historical trends, our projections for student enrollment for fall 2020 will show District enrollment continuing to decline.
- The United States and the State of Colorado have experienced slowing economic conditions in the past several years. One impact of this economic slowing is the reduction in the State of Colorado’s general fund revenues, which are expected to continue to decline. Because educational expenditures represent a significant portion of the State of Colorado’s total expenditures, the District anticipates its revenues may be adversely impacted. If the District revenues are reduced, the District will be required to reduce its future expenditures. The district implemented a reduction in force in the 2011-12 year to offset the decline in revenues.
- During the 2014-15 school year, the State replaced the Transitional Colorado Assessment Program (TCAP) with the Partnership for Assessment of Readiness for College and Careers (PARCC). The PARCC tests were given to assess Math and Reading in grades three through nine until 2017-18 when they began including grades three through eight. Colorado Measures of Academic Success (CMAS) tests assess Science in fifth or eighth or eleventh grades and Social Studies in fourth or seventh grades. Twelfth grade is no longer tested in Science and Social Studies. The PSAT test was given to sophomores in the 2015-16 school year and started including freshmen in 2017-18. Juniors now take the ACT and SAT tests. Schools receiving a priority improvement or turn-around status for three straight years face takeover by the State and conversion to a charter school. The Colorado Department of Education determined that the Prowers County School District RE-1 is meeting the intent of the requirements, as set forth in Colorado State Board of Education Rules 2202-R-0.00 through 4.02 (5), and continues to be fully accredited.
- The district, experienced a significant change with the implementation of GASB 68 in the 2014-15 school year, which required the disclosure of the PERA (Public Employees’

Retirement Association) pension obligation. In 2017-18 the district was required to disclose the OPEB (Other Post Employment Benefits) liabilities.

- In the 2014-15 school year, the Food Service Fund changed from an Enterprise Fund to a Special Revenue Fund. The district-wide financial statement no longer offers a good comparative, because there is a significant difference in the Governmental Activities due the Food Service Fund no longer being reflected as a Business Type Activity.
- The Granada RE-1 School was awarded the Best Grant in the amount of \$5,600,000.00. In 2020, the funds were used to install a generator, replace HVAC units, windows, LED light fixtures, interior doors; and upgrade plumbing and bathroom fixtures. The District acquired a lease purchase agreement in the amount of \$2,000,000.00 in order to pay the matching portion of the Best Grant. During the summer of 2021, grant funds were used to install new flooring in the common rooms and hallways.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 questions about this report or need additional financial information, contact the Business Manager, Prowers County School District RE-1, 201 South Hoisington Street, Granada, CO 81041.

BASIC FINANCIAL STATEMENTS

PROWERS COUNTY SCHOOL DISTRICT RE-1
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Equivalents	3,390,497	3,390,497
Accounts Receivable	13,260	13,260
Receivables – Other	-	-
Grants Receivable	189,286	189,286
Property Taxes Receivable	32,500	32,500
Inventories	4,377	4,377
Capital Assets	11,769,284	11,769,284
Accumulated Depreciation	<u>(3,878,841)</u>	<u>(3,878,841)</u>
<u>Total Assets</u>	<u>11,520,363</u>	<u>11,520,363</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	1,224,797	1,224,797
Other Post Employment Benefits	<u>9,066</u>	<u>9,066</u>
<u>Total Deferred Outflow of Resources</u>	<u>1,233,863</u>	<u>1,233,863</u>
 <u>LIABILITIES</u>		
Accounts Payable	124,130	124,130
Accrued Salaries	223,820	223,820
Accrued Interest	32,136	32,136
Unearned Revenue	77,819	77,819
Long Term Liabilities:		
Due Within One Year	69,923	69,923
Due in More Than One Year	1,863,050	1,863,050
Net Pension Liability	3,914,898	3,914,898
Net OPEB Liability	<u>142,359</u>	<u>142,359</u>
<u>Total Liabilities</u>	<u>6,448,135</u>	<u>6,448,135</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	1,733,699	1,733,699
Other Post Employment Benefits	<u>54,332</u>	<u>54,332</u>
<u>Total Deferred Inflow of Resources</u>	<u>1,788,031</u>	<u>1,788,031</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	5,957,470	5,957,470
Restricted for:		
TABOR Reserve	129,000	129,000
Preschool	12,960	12,960
Food Service	19,665	19,665
Capital Outlay	-	-
Unrestricted	<u>(1,601,035)</u>	<u>(1,601,035)</u>
<u>TOTAL NET POSITION</u>	<u>4,518,060</u>	<u>4,518,060</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Investments	3,251,071	139,426	3,390,497
Accounts Receivable	12,116	1,144	13,260
Grants Receivable	171,287	17,999	189,286
Due From Other Funds	6,270	-	6,270
Property Taxes Receivable	32,500	-	32,500
Inventories	-	4,377	4,377
<u>Total Assets</u>	<u>3,473,244</u>	<u>162,946</u>	<u>3,636,190</u>
<u>LIABILITIES</u>			
Accounts Payable	116,039	8,091	124,130
Accrued Salaries	214,567	9,253	223,820
Due To Other Funds	-	6,270	6,270
Unearned Revenue	75,901	1,918	77,819
<u>Total Liabilities</u>	<u>406,507</u>	<u>25,532</u>	<u>432,039</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Property Taxes	17,500	-	17,500
<u>FUND BALANCES</u>			
Nonspendable:			
Inventories	-	4,377	4,377
Restricted for:			
Emergencies	129,000	-	129,000
Preschool	12,960	-	12,960
Food Service	-	15,288	15,288
Capital Outlay	-	-	-
Committed for:			
Capital Outlay	-	-	-
Assigned for:			
Pupil Activities	-	117,749	117,749
Unassigned	2,907,277	-	2,907,277
<u>Total Fund Balances</u>	<u>3,049,237</u>	<u>137,414</u>	<u>3,186,651</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>3,473,244</u>	<u>162,946</u>	<u>3,636,190</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2021

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

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	3,186,651
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$11,769,284 and the accumulated depreciation is \$3,878,841.	7,890,443
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available.	17,500
The District’s portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(3,914,898)
The District’s portion of the net OPEB obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(142,359)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,932,973)
Accrued interest on long term debt is not reported in the funds.	(32,136)
Deferred flows for contributions made toward the net pension obligation from December 31, 2020 until June 30, 2021 is not reported in the funds.	145,027
Deferred flows for contributions made toward the net OPEB obligation from December 31, 2020 until June 30, 2021 is not reported in the funds.	7,078
Net deferred pension flows – Plan Level	(928,114)
Net deferred pension flows – Employer Level	274,185
Net deferred OPEB flows – Plan Level	(44,401)
Net deferred OPEB flows – Employer Level	<u>(7,943)</u>
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u>4,518,060</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Property Taxes	453,067	-	453,067
Specific Ownership Taxes	69,338	-	69,338
Earnings on Investments	29,184	198	29,382
Other Local Sources	61,606	152,325	213,931
State Aid	3,543,461	3,226	3,546,687
Federal Aid	403,198	98,889	502,087
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>4,559,854</u>	<u>254,638</u>	<u>4,814,492</u>
<u>EXPENDITURES</u>			
<u>Current:</u>			
Instructional Services	1,675,786	-	1,675,786
Supporting Services:			
Students	64,643	164,431	229,074
Instructional Staff	74,199	-	74,199
District Administration	225,272	-	225,272
School Administration	45,870	-	45,870
Business	-	-	-
Operation & Maintenance of Facilities	2,949,221	-	2,949,221
Transportation	85,059	-	85,059
Central	44,452	-	44,452
Other	32,658	-	32,658
Food Service	-	170,032	170,032
Debt Service:			
Principal Retirement	67,027	-	67,027
Interest and Fiscal Charges	80,022	-	80,022
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>5,344,209</u>	<u>334,463</u>	<u>5,678,672</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(784,355)</u>	<u>(79,825)</u>	<u>(864,180)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(116,096)	116,096	-
Proceeds from Debt	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(116,096)</u>	<u>116,096</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(900,451)</u>	<u>36,271</u>	<u>(864,180)</u>
<u>FUND BALANCES – Beginning</u>	<u>3,949,688</u>	<u>101,143</u>	<u>4,050,831</u>
<u>FUND BALANCES – Ending</u>	<u>3,049,237</u>	<u>137,414</u>	<u>3,186,651</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENT 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 – TOTAL GOVERNMENTAL FUNDS (864,180)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	Capital Outlays more than \$5,000	2,693,010	
	Depreciation Expense	<u>(419,614)</u>	2,273,396

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of issue costs, premiums and deferred refunding amounts are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

	Principal Payment		67,027
	Accrued Interest		<u>(32,136)</u>

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred inflows in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. (1,500)

The statement of activities reports net pension obligation which is not reported in the fund financial statements.

	Change in net pension obligation		(501,468)
	Change in net OPEB obligation		25,477
	Deferred flows from net pension obligations		1,610,554
	Deferred flows from net OPEB obligations		<u>(11,832)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 2,565,338

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

NOTES TO BASIC FINANCIAL STATEMENTS

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Prowers County School District RE-1 (District) conform with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with 6 members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Prowers County School District RE-1. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete.

Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

• Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2020 but uncollected in 2021 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2021 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 4, 1997 the registered voters approved a ballot resolution authorizing Prowers County School District RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment (Continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2021 the District reserved \$129,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2020 property tax calendar for Prowers County was as follows:

Levy Date	December 22, 2020
Lien Date	January 1, 2021
Tax Bills Mailed	January 1, 2021
First Installment Due	February 28, 2021
Second Installment Due	June 15, 2021
If Paid in Full, Due	April 30, 2021
Tax Sale – 2019 Delinquent Property Taxes	October 25, 2020

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). 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 list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. 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.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

PROWERS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Pupil Activity Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>				
Inventories	-	-	4,377	4,377
<u>Restricted:</u>				
Emergencies	129,000	-	-	129,000
Preschool	12,960	-	-	12,960
Capital Outlay	-	-	-	-
Food Service	-	-	15,288	15,288
<u>Assigned:</u>				
Pupil Activities	-	117,749	-	117,749
<u>Unassigned</u>	<u>2,907,277</u>	<u>-</u>	<u>-</u>	<u>2,907,277</u>
<u>Total Fund Balances</u>	<u>3,049,237</u>	<u>117,749</u>	<u>19,665</u>	<u>3,186,651</u>

N. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and the balance sheet 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 (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the balance sheet 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.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (Continued)

	Items Eliminated	
	Transfers Out	Transfers In
General Fund	116,096	-
Food Service Fund	-	80,000
Pupil Activity Fund	-	36,096
	116,096	116,096
	Due To	Due From
General Fund	-	6,270
Food Service Fund	6,270	-
	6,270	6,270

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, Management submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. Management is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 BUDGETARY INFORMATION (Continued)

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND EQUIVALENTS

Deposits

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

At June 30, 2021, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	707,336	707,336
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,677,436	2,691,690
Cash with County Treasurer	5,725	-
Cash on Hand	<u> -</u>	<u> -</u>
 <u>Total Cash and Deposits</u>	 <u>3,390,497</u>	 <u>3,399,026</u>

As presented above, deposits with a bank balance of \$2,691,690 and a carrying balance of \$2,677,436 as of June 30, 2021 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	488,022	-	-	488,022
<u>Total Capital Assets Not Being Depreciated</u>	<u>488,022</u>	<u>-</u>	<u>-</u>	<u>488,022</u>
<u>Capital Assets Being Depreciated</u>				
Buildings & Site Improvements	6,696,265	2,693,010	-	9,389,275
Transportation Equipment	762,091	-	-	762,091
Equipment	1,129,896	-	-	1,129,896
<u>Total Capital Assets Being Depreciated</u>	<u>8,588,252</u>	<u>2,693,010</u>	<u>-</u>	<u>11,281,262</u>
<u>Less Accumulated Depreciation for:</u>				
Building & Site Improvements	2,006,178	379,959	-	2,386,137
Transportation Equipment	669,347	32,308	-	701,655
Equipment	783,702	7,347	-	791,049
<u>Total Accumulated Depreciation</u>	<u>3,459,227</u>	<u>419,614</u>	<u>-</u>	<u>3,878,841</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>5,129,025</u>	<u>2,273,396</u>	<u>-</u>	<u>7,402,421</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>5,617,047</u>	<u>2,273,396</u>	<u>-</u>	<u>7,890,443</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	-
Student Support	-
Instructional Support	-
General Administration Support	-
School Administration Support	-
Business Services Support	-
Operations and Maintenance	387,306
Transportation	32,308
<u>Total Depreciation Expense – Governmental Activities</u>	<u>419,614</u>

NOTE 6

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Prowers County School District RE-1 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

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

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

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

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

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began 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. § 24-51-413.

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

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Prowers County School District RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Prowers County School District RE-1 were \$271,787 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 Prowers County School District RE-1 proportion of the net pension liability was based on Prowers County School District RE-1 contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

At June 30, 2021, the Prowers County School District RE-1 reported a liability of \$3,914,898 for its proportionate share of the net pension liability. The amount recognized by the Prowers County School District RE-1 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Prowers County School District RE-1 were as follows:

Prowers County School District RE-1 proportionate share of the net pension liability	\$3,914,898
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Prowers County School District RE-1	-
Total	\$3,914,898

At December 31, 2020, the Prowers County School District RE-1 proportion was 0.0259 percent, which was an increase of 0.003 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Prowers County School District RE-1 recognized pension income of \$1,109,086 and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the Prowers County School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	215,104	-
Changes of assumptions or other inputs	376,601	(658,061)
Net difference between projected and actual earnings on pension plan investments	-	(861,758)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	488,065	(213,880)
Contributions subsequent to the measurement date	145,027	N/A
Total	1,224,797	(1,733,699)

\$145,027 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2021	
2022	(686,536)
2023	243,988
2024	(75,434)
2025	(135,947)
2026	-
Thereafter	-

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

Actuarial cost method	Entry age
Price inflation	2.40%
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*	Financed by the AIR

*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.

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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*	Financed by the AIR

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

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

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

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

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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 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 percentage 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:

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

*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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 **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 Prowers County School District RE-1 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	5,340,241	3,914,898	2,727,117

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

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Prowers County School District RE-1 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.

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. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$10,290.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Prowers County School District RE-1 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 Prowers County School District RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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. § 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 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Prowers County School District RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Prowers County School District RE-1 were \$13,945 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 June 30, 2021, the Prowers County School District RE-1 reported a liability of \$142,359 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 Prowers County School District RE-1 proportion of the net OPEB liability was based on Prowers County School District RE-1 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 Prowers County School District RE-1 proportion was 0.0149 percent, which was an increase of 0.0001 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Prowers County School District RE-1 recognized OPEB income of \$13,645. At June 30, 2021, the Prowers County School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	378	(31,297)
Changes of assumptions or other inputs	1,064	(8,729)
Net difference between projected and actual earnings on OPEB plan investments	-	(5,817)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	546	(8,489)
Contributions subsequent to the measurement date	7,078	N/A
Total	9,066	(54,332)

\$7,078 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2021	
2022	(13,454)
2023	(12,641)
2024	(12,361)
2025	(10,005)
2026	(3,651)
Thereafter	(232)

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

Actuarial cost method	Entry age
Price inflation	2.40%
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 the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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

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

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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:

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

Mortality assumptions used in the December 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.

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

	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

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

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

The following health care costs assumptions were updated and used in the 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

*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 Prowers County School District RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	138,680	142,359	124,659

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (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 Prowers County School District RE-1 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	163,075	142,359	124,659

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors.

Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the General Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2021.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

An audited summary of the Colorado School District's Pool financial information at June 30, 2020 and for the year then ended (latest information available) follows:

Total Assets	<u>50,982,972</u>
Total Liabilities	<u>23,141,059</u>
Total Equity	<u>27,841,913</u>
Revenue	31,306,454
Underwriting Expenses	<u>26,904,016</u>
Underwriting Gain (Loss)	4,402,438
Net Investment Income	1,580,789
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	5,983,227
Dividend	<u>-</u>
Net Income	<u>5,983,227</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>48,913</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>27,841,913</u>

NOTE 10 LITIGATION

None.

NOTE 11 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 12 JOINT VENTURES

Not reflected in the accompanying financial statements is the District's participation in the South Eastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 12 JOINT VENTURES (Continued)

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rate basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2020, the latest year for which complete information is available is as follows:

Assets and Deferred Outflows	<u>2,365,312</u>
Liabilities and Deferred Inflows	5,603,650
Net Position	<u>(3,238,338)</u>
	<u>2,365,312</u>
Revenues	3,199,012
Expenses	<u>2,572,870</u>
Excess (Deficiency)	<u>626,142</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor.

NOTE 13 ACCRUED SALARIES AND BENEFITS

Salaries and retirement 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 unpaid, at June 30, 2021, are estimated to be \$223,820. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 14 COMPENSATED ABSENCES

There is no material liability for compensated absences payable at June 30, 2021.

NOTE 15 INTERFUND BALANCES AND TRANSFERS

Transfers

<u>Major Governmental Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	6,270	-	-	116,096
<u>Non Major Governmental Funds</u>				
Pupil Activity Fund	-	6,270	36,096	-
Food Service Fund	-	-	<u>80,000</u>	-
	<u>6,270</u>	<u>6,270</u>	<u>116,096</u>	<u>116,096</u>

Transfers were made from the General Fund for the purpose of assisting operations.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 16 INVENTORIES

Food Service Fund inventories at June 30, 2021, consisted of USDA, purchased food, and non-food amounting to \$4,377. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 17 LONG TERM DEBT

Changes in Long Term Debt:

	<u>Balance</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Current</u> <u>Portion</u>
Equipment Lease Purchase Agreement – Series 2020	<u>2,000,000</u>	<u>-</u>	<u>67,027</u>	<u>1,932,973</u>	<u>69,923</u>

CAPITAL LEASE

The District entered into a capital lease arrangement with GN Bank in the year ended June 30, 2019 as part of a capital project for various school improvements. Twenty annual payments of \$147,049, which includes interest at an annual rate of 3.99%, are scheduled to begin February 1, 2021. The amount financed was \$2,000,000.

Future minimum payments follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	69,923	77,126	147,049
2023	72,713	74,336	147,049
2024	75,614	71,434	147,048
2025	78,632	68,417	147,049
2026-2040	<u>1,636,091</u>	<u>569,643</u>	<u>2,205,734</u>
	<u>1,932,973</u>	<u>860,956</u>	2,793,929
Less: Amounts representing interest			<u>860,956</u>
Net Present Value of Future Minimum Payments			<u>1,932,973</u>

BUDGETARY COMPARISONS

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Pension Trend Data

Other Post Employment Benefits Trend Data

PROWERS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	454,582	454,582	453,067	(1,515)
Specific Ownership Taxes	57,919	57,919	69,338	11,419
Earnings on Investments	18,500	18,500	29,184	10,684
Delinquent Taxes & Interest	1,700	1,700	1,698	(2)
Other	162,407	162,407	59,908	(102,499)
<u>State Sources</u>				
Equalization	1,955,602	1,955,602	1,933,934	(21,668)
Transportation	13,000	13,000	18,202	5,202
BEST Grant	-	-	1,523,077	1,523,077
Other	18,877	18,877	68,248	49,371
<u>Federal Sources</u>				
Other	<u>467,678</u>	<u>467,678</u>	<u>403,198</u>	<u>(64,480)</u>
TOTAL REVENUES	<u>3,150,265</u>	<u>3,150,265</u>	<u>4,559,854</u>	<u>1,409,589</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	996,476	996,476	977,908	18,568
Employee Benefits	414,996	414,996	407,212	7,784
Purchased Services - Professional	51,625	51,625	87,568	(35,943)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,000	5,000	3,407	1,593
Supplies and Materials	240,154	240,154	196,221	43,933
Property	2,000	2,000	-	2,000
Other Objects	<u>9,000</u>	<u>9,000</u>	<u>3,470</u>	<u>5,530</u>
<u>Total Instruction</u>	<u>1,719,251</u>	<u>1,719,251</u>	<u>1,675,786</u>	<u>43,465</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	37,771	37,771	37,677	94
Employee Benefits	12,062	12,062	12,732	(670)
Purchased Services – Professional	19,035	19,035	14,234	4,801
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	240	240	-	240
Property	-	-	-	-
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Student Services</u>	<u>69,108</u>	<u>69,108</u>	<u>64,643</u>	<u>4,465</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Instructional Staff</u>				
Salaries	46,700	46,700	47,050	(350)
Employee Benefits	18,883	18,883	18,775	108
Purchased Services - Professional	600	600	-	600
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	5,180	5,180	8,374	(3,194)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>71,363</u>	<u>71,363</u>	<u>74,199</u>	<u>(2,836)</u>
<u>General Administration</u>				
Salaries	137,334	137,334	136,163	1,171
Employee Benefits	47,587	47,587	44,611	2,976
Purchased Services – Professional	27,000	27,000	27,409	(409)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	4,606	(4,606)
Supplies and Materials	7,680	7,680	11,204	(3,524)
Property	-	-	-	-
Other Objects	4,000	4,000	1,279	2,721
<u>Total General Administration</u>	<u>223,601</u>	<u>223,601</u>	<u>225,272</u>	<u>(1,671)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	29,578	29,578	30,212	(634)
Employee Benefits	15,057	15,057	14,895	162
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	600	600	763	(163)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>45,235</u>	<u>45,235</u>	<u>45,870</u>	<u>(635)</u>
<u>Operations and Maintenance</u>				
Salaries	94,299	94,299	83,225	11,074
Employee Benefits	43,900	43,900	38,835	5,065
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	30,500	30,500	27,154	3,346
Purchased Services – Other	103,893	103,893	100,852	3,041
Supplies and Materials	156,000	156,000	117,669	38,331
Property	463,668	463,668	2,581,486	(2,117,818)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>892,260</u>	<u>892,260</u>	<u>2,949,221</u>	<u>(2,056,961)</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
<u>Student Transportation</u>				
Salaries	42,318	42,318	35,303	7,015
Employee Benefits	13,682	13,682	14,161	(479)
Purchased Services - Professional	-	-	639	(639)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	22,518	22,518	19,045	3,473
Supplies and Materials	41,000	41,000	15,911	25,089
Property	32,000	32,000	-	32,000
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>151,518</u>	<u>151,518</u>	<u>85,059</u>	<u>66,459</u>
<u>Central Support</u>				
Salaries	20,867	20,867	21,099	(232)
Employee Benefits	10,295	10,295	9,700	595
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	21,807	21,807	13,211	8,596
Supplies and Materials	400	400	442	(42)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>53,369</u>	<u>53,369</u>	<u>44,452</u>	<u>8,917</u>
<u>Other Support</u>				
Purchased Services – Other	31,951	31,951	32,658	(707)
<u>Total Other Support</u>	<u>31,951</u>	<u>31,951</u>	<u>32,658</u>	<u>(707)</u>
<u>Debt Service</u>				
Principal Retirement	-	-	67,027	(67,027)
Interest and Fiscal Charges	-	-	80,022	(80,022)
<u>Total Debt Service</u>	<u>-</u>	<u>-</u>	<u>147,049</u>	<u>(147,049)</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,538,405</u>	<u>1,538,405</u>	<u>3,668,423</u>	<u>(2,130,018)</u>
<u>APPROPRIATED RESERVES</u>	<u>4,623,811</u>	<u>4,623,811</u>	<u>-</u>	<u>4,623,811</u>
<u>TOTAL EXPENDITURES</u>	<u>7,881,467</u>	<u>7,881,467</u>	<u>5,344,209</u>	<u>2,537,258</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(4,731,202)</u>	<u>(4,731,202)</u>	<u>(784,355)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Debt	-	-	-	-
Transfers	(35,865)	(35,865)	(116,096)	(80,231)
<u>Total Other Financing Sources (Uses)</u>	<u>(35,865)</u>	<u>(35,865)</u>	<u>(116,096)</u>	<u>(80,231)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(4,767,067)</u>	<u>(4,767,067)</u>	<u>(900,451)</u>	
<u>FUND BALANCE, July 1</u>	<u>4,767,067</u>	<u>4,767,067</u>	<u>3,949,688</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>3,049,237</u>	

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	0.0259%	0.0228%	0.0231%	0.0277%	0.0289%	0.0295%	0.0311%	0.3260%	-	-
District's proportionate share of the net pension liability (asset)	\$3,914,898	\$3,413,430	\$4,089,189	\$8,945,539	\$8,598,024	\$4,510,600	\$4,218,248	\$4,165,012	-	-
State's proportionate share of the net pension liability associated with the District**	-	\$432,950	\$559,141	-	-	-	-	-	-	-
District's covered payroll	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	\$1,288,102	\$1,292,632	\$1,313,583	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	286%	246%	316%	740%	661%	350%	326%	317%	-	-
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.20%	62.80%	64.06%	-	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 271,787	\$ 268,806	\$ 247,156	\$ 228,268	\$ 239,202	\$ 228,519	\$ 231,459	\$ 223,395	\$ 214,959	-
Contributions in relation to the contractually required contributions	<u>\$ (271,787)</u>	<u>\$ (268,806)</u>	<u>\$ (247,156)</u>	<u>\$ (228,268)</u>	<u>\$ (239,202)</u>	<u>\$ (228,519)</u>	<u>\$ (231,459)</u>	<u>\$ (223,395)</u>	<u>\$ (214,959)</u>	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
District's covered payroll	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	\$1,288,102	\$1,292,632	\$1,313,583	\$1,335,067	-
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.89%	18.38%	17.74%	17.91%	17.01%	16.10%	-

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net OPEB liability (asset)	0.0150%	0.0149%	0.0150%	0.0157%	0.0164%	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$142,359	\$167,836	\$204,230	\$204,278	\$212,819	-	-	-	-	-
District's covered payroll	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.41%	12.10%	15.80%	16.90%	16.36%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 13,945	\$ 14,148	\$ 13,178	\$ 12,328	\$ 13,270	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (13,945)</u>	<u>\$ (14,148)</u>	<u>\$ (13,178)</u>	<u>\$ (12,328)</u>	<u>\$ (13,270)</u>	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-
District's covered payroll	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Pupil Activity Fund – This fund accounts for all financial transactions through individual school activity accounts.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	13,586	125,840	139,426
Accounts Receivable	1,144	-	1,144
Grants Receivable	17,999	-	17,999
Due From Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Inventories	<u>4,377</u>	-	<u>4,377</u>
<u>Total Assets</u>	<u>37,106</u>	<u>125,840</u>	<u>162,946</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	-	8,091	8,091
Accrued Salaries	9,253	-	9,253
Due To Other Funds	6,270	-	6,270
Other Payables	<u>1,918</u>	-	<u>1,918</u>
<u>Total Liabilities</u>	<u>17,441</u>	<u>8,091</u>	<u>25,532</u>
 <u>Fund Balances</u>			
Nonspendable:			
Inventories	4,377	-	4,377
Restricted:			
Food Service	15,288	-	15,288
Assigned:			
Pupil Activities	-	117,749	117,749
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Fund Balances</u>	<u>19,665</u>	<u>117,749</u>	<u>137,414</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>37,106</u>	 <u>125,840</u>	 <u>162,946</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2021

	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	-	-	-
Specific Ownership Taxes	-	-	-
Earnings on Investments	9	189	198
Other Local Sources	2,505	149,820	152,325
State Aid	3,226	-	3,226
Federal Aid	<u>98,889</u>	-	<u>98,889</u>
<u>Total Revenues</u>	<u>104,629</u>	<u>150,009</u>	<u>254,638</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	-	-	-
Supporting Services:			
Students	-	164,431	164,431
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation and Maintenance of Facilities	-	-	-
Transportation	-	-	-
Central	-	-	-
Food Service	170,032	-	170,032
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>170,032</u>	<u>164,431</u>	<u>334,463</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(65,403)</u>	<u>(14,422)</u>	<u>(79,825)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>80,000</u>	<u>36,096</u>	<u>116,096</u>
<u>Total Other Financing Sources (Uses)</u>	<u>80,000</u>	<u>36,096</u>	<u>116,096</u>
<u>NET CHANGE IN FUND BALANCES</u>	14,597	21,674	36,271
<u>FUND BALANCE, Beginning</u>	<u>5,068</u>	<u>96,075</u>	<u>101,143</u>
<u>FUND BALANCE, Ending</u>	<u>19,665</u>	<u>117,749</u>	<u>137,414</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOOD SERVICE – SPECIAL REVENUE FUND
 For the Year Ended June 30, 2021

<u>REVENUES</u>	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
<u>Local Sources</u>			
Food Sales	32,700	2,464	(30,236)
Earnings on Investments	100	9	(91)
Other	1,500	41	(1,459)
<u>State Sources</u>			
School Lunches	-	3,226	3,226
<u>Federal Sources</u>			
School Lunches	55,000	90,837	35,837
Commodities	<u>9,000</u>	<u>8,052</u>	<u>(948)</u>
<u>Total Revenues</u>	<u>98,300</u>	<u>104,629</u>	<u>6,329</u>
 <u>EXPENDITURES</u>			
Salaries	65,148	57,020	8,128
Employee Benefits	39,899	38,320	1,579
Purchased Services – Professional	-	-	-
Purchased Services – Property	300	1,000	(700)
Purchased Services - Other	-	-	-
Supplies and Materials	70,500	64,094	6,406
Capital Outlay	-	1,505	(1,505)
Other	500	41	459
Commodities	<u>-</u>	<u>8,052</u>	<u>(8,052)</u>
<u>Total Expenditures</u>	<u>176,347</u>	<u>170,032</u>	<u>6,315</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>			
	(78,047)	(65,403)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers from General Fund	<u>40,000</u>	<u>80,000</u>	<u>40,000</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>			
	(38,047)	14,597	
 <u>FUND BALANCE, Beginning</u>			
	<u>38,047</u>	<u>5,068</u>	
 <u>FUND BALANCE, Ending</u>			
	<u>-</u>	<u>19,665</u>	

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 PUPIL ACTIVITY FUND - SPECIAL REVENUE FUND
 For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources	160,000	150,009	(9,991)
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Revenues</u>	<u>160,000</u>	<u>150,009</u>	<u>(9,991)</u>
<u>EXPENDITURES</u>			
Salary	-	-	-
Benefits	-	-	-
Purchased Services – Professional	34,000	53,440	(19,440)
Purchased Services – Property	-	-	-
Purchased Services – Other	70,000	21,530	48,470
Capital Outlay	106,000	89,461	16,539
Supplies and Materials	-	-	-
Other	-	-	-
<u>Total Expenditures</u>	<u>210,000</u>	<u>164,431</u>	<u>45,569</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(50,000)</u>	<u>(14,422)</u>	
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfers	35,865	36,096	231
<u>Total Other Financing Sources (Uses)</u>	<u>35,865</u>	<u>36,096</u>	<u>231</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(14,135)</u>	<u>21,674</u>	
<u>FUND BALANCE, Beginning</u>	<u>14,135</u>	<u>96,075</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>117,749</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 2650 - Granada RE-1
 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 - Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental					
0 General Fund	3,344,308		4,391,836	5,239,047	3,036,277
3 Parent Sub-Fund of General Fund	0		0	0	0
9 Colorado Pre-K-13 Program Fund	5,000		51,922	44,562	12,960
Sub-Total	3,949,668		4,443,758	5,344,209	3,049,237
1 Charter School Fund	0		0	0	0
20-29 Special Revenue Fund	0		0	0	0
05 Supplemental Cap Const, Tech, Mtn. Fund	0		0	0	0
07 Total Program Reserve Fund	0		0	0	0
21 Food Service Special Revenue Fund	5,066		184,629	170,832	19,665
22 Goal Directed Purpose Grants Fund	0		0	0	0
23 Pupil Activity Special Revenue Fund	96,076		166,105	164,431	117,749
24 Field Day Special Garden Mill Levy Override	0		0	0	0
25 Transportation Fund	0		0	0	0
31 Bond Redemption Fund	0		0	0	0
35 Debt Issue of Participation (COP) Debt Service Fund	0		0	0	0
41 Balancing Fund	0		0	0	0
42 Special Billing Fund	0		0	0	0
43 Capital Reserve Capital Projects Fund	0		0	0	0
46 Supplemental Cap Const, Tech, Mtn Fund	0		0	0	0
Totals	4,000,692		4,614,693	5,078,673	3,166,981
Proprietary					
50 Other Enterprise Funds	0		0	0	0
64-69 Other Related Activity Funds	0		0	0	0
66-69-69 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	0		0	0	0
73 Agency Fund	0		0	0	0
74 Pupil Activity Agency Fund	0		0	0	0
79 CASH Referrals Fund	0		0	0	0
83 Foundation	0		0	0	0
Totals	0		0	0	0



Colorado Department of Education

Bolded Balance Sheet Report
 District: 2650 - Granada RE-1
 Fiscal Year 2020-21
 Colorado School District/BOCES

ASSETS	Governmental										Proprietary										Fiduciary	
	Charter School Fund		Special Revenue Funds		Total		Food		Debt		Capital		Supplemental		Risk-Related		Other		Trust & Agency		Foundations	
	10.12-18	11	20	22-29	20	22-29	07	21	30-39	40-45,47-49	46	50	52-59	60	63-64	60	70-79	80	85	Totals	Totals	
Cash and Investments (8100-8104,8111)	3,245,346	0	0	125,840	0	0	13,586	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,384,771
Cash with Fiscal Agent (8105)	5,725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,725
Taxes Receivable (8121,8122)	32,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32,500
Interfund Loans Receivable (8131,8132)	6,270	0	12,960	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19,230
Intergovernmental Accounts Rec (8141)	12,116	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12,116
Grants Accounts Receivable (8142)	171,287	0	0	0	0	0	17,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	189,286
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	1,144	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,144
Inventories (8171,8172,8173)	0	0	0	0	0	0	4,377	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,377
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	3,473,244	0	12,960	125,840	0	0	37,106	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,649,150

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY

	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	12,960	0	0	0	0	0	6,270	0	0	0	0	0	0	0	0	19,230
Other Payables (7421-7423)	116,040	0	0	8,091	0	0	0	0	0	0	0	0	0	0	0	124,131
Accrued Expenses (7461)	214,567	0	0	0	0	0	9,253	0	0	0	0	0	0	0	0	223,820
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	75,901	0	0	0	0	0	0	0	0	0	0	0	0	0	0	75,901
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	1,917	0	0	0	0	0	0	0	0	1,917
Deferred Inflow (7600)	17,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17,500
Total Liabilities	436,968	0	0	8,091	0	0	17,441	0	0	0	0	0	0	0	0	462,499

FUND EQUITY	Governmental										Proprietary										Fiduciary									
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals														
Non-spendable Fund Balance 6710	0	0	0	0	0	0	4,377	0	0	0	0	0	0	0	0	4,377														
Restricted Fund Balance 6720	0	0	12,960	0	0	0	15,288	0	0	0	0	0	0	0	0	28,248														
TABOR 3% Emergency Reserve 6721	129,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	129,000														
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Risk-Related / Restricted Capital Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Committed Fund Balance 6730	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Assigned Fund Balance 6760	0	0	0	117,749	0	0	0	0	0	0	0	0	0	0	0	117,749														
Unassigned Fund Balance 6770	2,907,277	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,907,277														
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Prior Period Adjustment 6800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Total Fund Equity	3,036,277	0	12,960	117,749	0	0	19,665	0	0	0	0	0	0	0	0	3,186,651														

FUND EQUITY	Governmental										Proprietary										Fiduciary									
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals														
Total Liabilities & Fund Equity	3,473,244	0	12,960	125,840	0	0	37,106	0	0	0	0	0	0	0	0	3,649,150														

FUND EQUITY	Governmental										Proprietary										Fiduciary									
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals														
Do Asset=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes														