

***Julesburg School District No. RE-1***  
**Julesburg, Colorado**

**Financial Statements**

**For the Year ended June 30, 2021**

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## **Independent Auditors' Report**

Board of Education  
Julesburg School District No. RE-1  
Julesburg, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Julesburg School District No. RE-1 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 29, 2021

**JULESBURG SCHOOL DISTRICT RE-1  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

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This section of the Julesburg School District RE-1's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2021.

**Financial Highlights**

- The assets and deferred outflows of resources of Julesburg School District RE-1 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,126,686 (net position).
- The district's total net position increased by \$3,207,978.
- General revenues accounted for \$8,460,302 or 81% of the \$10,450,656 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,990,354 or 19% of revenues.
- The general fund ending fund balance reached \$9,926,941, an increase of \$1,605,603 from last year.

**Overview of Financial Statements**

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

**Government-wide Statements**

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

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

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

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

## **Fund Financial Statements**

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

### **Governmental Funds**

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

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

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund and Food Service Fund which are considered to be major funds. Data for the other two nonmajor governmental funds are combined in a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

## Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 20-56 of this report.

## Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with budgetary comparison schedules that demonstrate compliance with budgets. Budgeted amounts may be found on pages 72-81.

## Financial Analysis of the School District as a Whole

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

25% of the School District's assets are its investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net position as of June 30, 2021:

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
Current and Other assets	\$ 10,422,876	\$ 9,229,665	12.93%
Capital assets	3,451,725	3,513,528	-1.76%
<b>Total assets</b>	<b>13,874,601</b>	<b>12,743,193</b>	<b>8.88%</b>
<b>Deferred outflows of resources</b>	<b>1,522,816</b>	<b>524,706</b>	<b>190.22%</b>
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 15,397,417</b>	<b>\$ 13,267,899</b>	<b>16.05%</b>
Long term liabilities	\$ 4,808,832	\$ 4,145,787	15.99%
Other liabilities	332,575	768,052	-56.70%
<b>Total liabilities</b>	<b>5,141,407</b>	<b>4,913,839</b>	<b>4.63%</b>
<b>Deferred inflows of resources</b>	<b>2,129,324</b>	<b>3,435,352</b>	<b>-38.02%</b>
Net investment in capital assets	3,451,725	3,513,528	-1.76%
Restricted	287,838	235,029	22.47%
Unrestricted	4,387,123	(1,170,151)	-474.92%
<b>Total net position</b>	<b>8,126,686</b>	<b>4,918,708</b>	<b>65.22%</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$15,397,417</b>	<b>\$13,267,899</b>	<b>16.05%</b>

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

	Governmental Activities		Total Percentage Change
Revenues	2021	2020	2020-2021
Program Revenues			
Charges for services	\$ 54,264	\$ 52,952	2.48%
Operating Grants & Contributions	1,936,090	755,373	156.31%
Capital Grants & Contributions	-	120,667	-100.00%
General Revenue			
Property taxes	1,027,608	1,030,662	-0.30%
State equalization	7,105,143	5,813,197	22.22%
Other	327,551	308,314	6.24%
<b>Total Revenue</b>	<b>10,450,656</b>	<b>8,211,323</b>	<b>27.27%</b>
<b>Expenses</b>			
Instruction	5,041,913	4,207,870	19.82%
Pupil & Instructional Services	527,234	448,117	17.66%
Administration & Business	850,321	686,023	23.95%
Maintenance & Operations	279,625	306,499	-8.77%
Transportation	85,785	90,038	-4.72%
Other	457,800	416,471	9.92%
<b>Total Expenses</b>	<b>7,242,678</b>	<b>6,155,018</b>	<b>17.67%</b>
<b>Change in net position</b>	<b>\$3,207,978</b>	<b>\$2,056,305</b>	<b>56.01%</b>

### Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$9,220 per funded student. In fiscal year 2020-21 the funded pupil count was 1,032.2. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 87% of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$912,946 in property taxes for fiscal year 2020-2021.

### Governmental Funds

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

At the end of the fiscal year, the School District's governmental funds reported an ending fund balance of \$10,072,245, an increase of \$1,629,871 in comparison with the prior year.

### General Fund Budget Highlights

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

There were no significant differences between final budget figures and actual budget figures that warrant any additional explanation.

## Capital Assets and Debt Administration

### Capital Assets

The School Districts investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$3,451,725 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

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

	Governmental Activities
Land	\$ 102,520
Construction in progress	15,261
Building Improvements	2,959,457
Equipment & Furniture	189,081
Vehicles	185,406
Total Capital Assets	<u>\$ 3,451,725</u>

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

### Long-Term Debt

At year-end, the School District's long-term debt of \$126,816 represented its compensated absences of \$126,816.

### Economic Factors

Some variables worthy of consideration for the School District for the next year.

- Enrollment in the school district decreased significantly during the 2020-21 school year and has not increased during the current 2021-22 school. Projected FTE student count for FY2022-23 and thereafter could continue to decline if the COVID virus situation and corresponding downward economic trend is not stabilized.
- Full-Day Kindergarten has and will continue to provide additional new funding for the District.
- The operation of our online school is generating additional revenue that is assisting the district in offsetting loss in revenues as a result of declining enrollment and state budget cuts. Due to numerous factors, our online school remains an unpredictable source of revenue and cannot be relied upon to meet ongoing operational costs of the school district relating to the operation of our brick and mortar schools.
- There appears to be no intent or mechanism in place for replenishing the funding rescissions made by the Colorado Legislature over the course of the last several years.

### **Contacting the Districts Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact School District RE-1, 102 West 6<sup>th</sup> Street, Julesburg, CO 80737.

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## **Basic Financial Statements**

The basic financial statements of the District include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole.

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Statement of Net Position**  
**June 30, 2021**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 9,867,517
Cash with fiscal agent	168,092
Receivables	382,700
Inventories	4,567
Capital assets, net of depreciation	<u>3,451,725</u>
 Total assets	 13,874,601
 <b>Deferred outflows of resources</b>	
Pension deferrals	1,507,026
Other post-employment benefit deferrals	<u>15,790</u>
 Total deferred outflows of resources	 <u>1,522,816</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 15,397,417</u></u>
 <b>Liabilities</b>	
Accounts payable	\$ 59,050
Accrued salaries and benefits	267,007
Unearned revenue	2,730
Unearned grant revenue	3,788
Noncurrent liabilities	
Due within one year	4,259
Due in more than one year	122,557
Net pension liability	4,517,836
Net OPEB liability	<u>164,180</u>
 Total liabilities	 5,141,407
 <b>Deferred inflows of resources</b>	
Pension deferrals	2,052,414
Other post-employment benefit deferrals	<u>76,910</u>
 Total deferred outflows of resources	 2,129,324
 <b>Net position</b>	
Net investment in capital assets	3,451,725
Restricted for:	
Emergencies	280,000
Food service operations	7,838
Unrestricted	<u>4,387,123</u>
 Total net position	 <u>8,126,686</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 15,397,417</u></u>

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

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**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 5,041,913	\$ 41,985	\$ 1,103,369	
Supporting services				
Students	408,206		36,633	
Instructional staff	119,028		129,408	
General administration	179,989		82,055	
School administration	622,784		190,004	
Business services	47,548		28,276	
Operations and maintenance	279,625		27,467	
Student transportation	85,785		134,399	
Central support services	130,064		3,230	
Food service operations	193,433	12,279	201,249	
Unallocated depreciation *	134,303			
Total governmental activities	<u>\$ 7,242,678</u>	<u>\$ 54,264</u>	<u>\$ 1,936,090</u>	<u>\$ -</u>
		General revenues		
		Taxes		
		Property taxes, levied for general purposes		
		Specific ownership taxes		
		Delinquent taxes and interest		
		State categorical aid		
		Earnings on investments		
		Other		
		Sale of assets		
		Total general revenues		
		Change in net position		
		Net position at beginning of year		
		Net position at end of year		

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

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

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Net  
Governmental  
Activities

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\$ (3,896,559)

(371,573)

10,380

(97,934)

(432,780)

(19,272)

(252,158)

48,614

(126,834)

20,095

(134,303)

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(5,252,324)

912,946

111,199

3,463

7,105,143

82,605

232,142

12,804

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8,460,302

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3,207,978

4,918,708

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\$ 8,126,686

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 9,712,480	\$ 22,138	\$ 132,899	\$ 9,867,517
Cash with fiscal agent	168,092			168,092
Due from other funds	16,384			16,384
Property taxes receivable	39,692			39,692
Grants receivable	314,432	24,147		338,579
Other receivables	4,422	7		4,429
Inventories		4,567		4,567
<b>Total assets</b>	<b>\$ 10,255,502</b>	<b>\$ 50,859</b>	<b>\$ 132,899</b>	<b>\$ 10,439,260</b>
<b>Liabilities</b>				
Accounts payable	\$ 52,218	\$ 6,832		\$ 59,050
Due to other funds		16,384		16,384
Accrued salaries and benefits	254,499	12,508		267,007
Accrued compensated absences	4,259			4,259
Unearned revenue		2,730		2,730
Unearned grant revenue	3,788			3,788
<b>Total liabilities</b>	<b>314,764</b>	<b>38,454</b>	<b>\$ -</b>	<b>353,218</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	13,797			13,797
<b>Total deferred inflows of resources</b>	<b>13,797</b>	<b>-</b>	<b>-</b>	<b>13,797</b>
<b>Fund balance</b>				
Nonspendable inventories		4,567		4,567
Restricted for:				
Emergencies	280,000			280,000
Food service operations		7,838		7,838
Committed to pupil activities			132,899	132,899
Unassigned	9,646,941			9,646,941
<b>Total fund balance</b>	<b>9,926,941</b>	<b>12,405</b>	<b>132,899</b>	<b>10,072,245</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 10,255,502</b>	<b>\$ 50,859</b>	<b>\$ 132,899</b>	<b>\$ 10,439,260</b>

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2021**

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

Total fund balance - governmental funds	\$ 10,072,245
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	3,451,725
Property taxes receivable will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	13,797
Long-term liabilities and related deferred inflows and outflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(5,411,081)</u>
Net position of the governmental activities	<u><u>\$ 8,126,686</u></u>

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 1,204,551	\$ 12,282	\$ 194,505	\$ 1,411,338
Intermediate sources	583			583
State sources	7,806,354	1,399		7,807,753
Federal sources	1,033,630	199,850		1,233,480
<b>Total revenues</b>	<b>10,045,118</b>	<b>213,531</b>	<b>194,505</b>	<b>10,453,154</b>
<b>Expenditures</b>				
Instruction	6,035,770		260,856	6,296,626
Supporting services	2,288,984	210,025	12,387	2,511,396
Capital outlay	15,261			15,261
<b>Total expenditures</b>	<b>8,340,015</b>	<b>210,025</b>	<b>273,243</b>	<b>8,823,283</b>
Excess of revenues over (under) expenditures	1,705,103	3,506	(78,738)	1,629,871
<b>Other financing sources (uses)</b>				
Transfers in		4,500	95,000	99,500
Transfers out	(99,500)			(99,500)
<b>Total other financing sources (uses)</b>	<b>(99,500)</b>	<b>4,500</b>	<b>95,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,605,603</b>	<b>8,006</b>	<b>16,262</b>	<b>1,629,871</b>
Fund balance at beginning of year	8,321,338	4,399	116,637	8,442,374
Fund balance at end of year	<u>\$ 9,926,941</u>	<u>\$ 12,405</u>	<u>\$ 132,899</u>	<u>\$ 10,072,245</u>

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

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

Net change in fund balances - governmental funds	\$ 1,629,871
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(61,803)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(2,498)
Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions and OPEB are reported as expense.	1,655,085
In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially, the amounts actually paid).	<u>(12,677)</u>
Change in net position of governmental activities	<u><u>\$ 3,207,978</u></u>

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Julesburg School District No. RE-1's significant accounting policies are presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

**A.1 – Reporting entity**

The Julesburg School District No. RE-1 is a school district governed by an elected six-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

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

**A.2 – Fund accounting**

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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

Expenditures include all costs associated with the daily operation of the schools, except for certain food service operations and pupil activities.

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

The following are the District’s nonmajor governmental funds:

Sedgwick County Cougar Fund – This fund is a special revenue fund used to account for expenditures related to the cooperative athletic activities. This fund was transferred from Revere School District at the beginning of the year.

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

**Note A.3 – Basis of presentation**

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**A.4 – Basis of accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements,

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A - Summary of significant accounting policies (Continued)**

in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

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

**A.5 - Encumbrances**

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.6 – Short-term interfund receivables/payables**

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

**A.7 – Inventories**

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

**A.8 – Capital assets**

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

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

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

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	7-10 years

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Compensated absences**

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

Non-instructional employees earn 10 to 15 days of vacation annually. Vacation days must be used in the year they are earned or they are forfeited at the end of the year. Employees earn one day of sick leave per month up to twelve days per year. Employees with less than 4 years of service are not eligible to receive payment for any of their unused sick leave days. Employees who have completed 4 to 9 consecutive years of service are allowed to accumulate up to 60 days of unused leave, while employees who have completed 10 or more consecutive years may accumulate a maximum of 80 days. Unused sick days for employees who have completed 4 to 19 years of service will be paid at a rate of 50% of his/her current daily rate of pay, and employees with 20+ years of service will be paid at a rate of 75% of his/her current daily rate. Upon termination of employment, employees are paid for any accumulated sick leave.

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

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

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

**A.10 – Accrued liabilities and long-term obligations**

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current expendable, available financial resources.

**A.11 – Fund balance**

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

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

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

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

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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

**A.12 – Net position**

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

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

**A.13 – Interfund transactions**

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

**A.14 – Extraordinary and special items**

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$9,817,509 of which \$284,027 was insured and \$9,533,482 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

**Investments**

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

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

At year-end, the District did not have any investments.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 39,692
Grants receivable	338,579
Other receivables	<u>4,429</u>
Total	<u>\$ 382,700</u>

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Sedgwick County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the District in the subsequent month.

**Note D – Interfund transactions**

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 16,384	\$ -
Food service fund	<u>-</u>	<u>16,384</u>
Total	<u>\$ 16,384</u>	<u>\$ 16,384</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
General Fund	\$ -	\$ 99,500
Food service fund	4,500	-
Other governmental funds	<u>95,000</u>	<u>-</u>
Total	<u>\$ 99,500</u>	<u>\$ 99,500</u>

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

**Note D – Interfund transactions (Continued)**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. During the year, the District transferred funds in the amount of \$4,500 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District’s food service operations and \$95,000 to the Other Governmental Funds to cover pupil activity expenditures in excess of revenues.

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 102,520	\$ -	\$ -	\$ 102,520
Construction in progress	<u>-</u>	<u>15,261</u>	<u>-</u>	<u>15,261</u>
Total capital assets, not being depreciated	102,520	15,261	-	117,781
Capital assets, being depreciated:				
Buildings and improvements	6,913,961	-	-	6,913,961
Furniture and equipment	492,052	-	-	492,052
Licensed vehicles	<u>341,121</u>	<u>121,193</u>	<u>(18,000)</u>	<u>444,314</u>
Total capital assets, being depreciated	<u>7,747,134</u>	<u>121,193</u>	<u>(18,000)</u>	<u>7,850,327</u>
Total capital assets	7,849,654	136,454	(18,000)	7,968,108
Less accumulated depreciation:				
Buildings and improvements	(3,820,201)	(134,303)	-	(3,954,504)
Furniture and equipment	(275,797)	(27,174)	-	(302,971)
Licensed vehicles	<u>(240,128)</u>	<u>(36,780)</u>	<u>18,000</u>	<u>(258,908)</u>
Total accumulated depreciation	<u>(4,336,126)</u>	<u>(198,257)</u>	<u>18,000</u>	<u>(4,516,383)</u>
Governmental activities capital assets, net	<u>\$ 3,513,528</u>	<u>\$ (61,803)</u>	<u>\$ -</u>	<u>\$ 3,451,725</u>

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note E – Capital assets (Continued)**

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

Governmental activities		
Instruction	\$	12,696
Operations and maintenance		12,600
Transportation		36,780
Food service operations		1,878
Unallocated		<u>134,303</u>
 Total	 \$	 <u>198,257</u>

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$267,007. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ <u>112,823</u>	\$ <u>13,993</u>	\$ <u>-</u>	\$ <u>126,816</u>	\$ <u>4,259</u>

The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

**Note H – Defined benefit pension plan**

Summary of Significant Accounting Policies

*Pensions.* The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

General Information about the Pension Plan

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

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

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

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

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

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$337,392 for the year ended June 30, 2021.

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

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



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**Note H – Defined benefit pension plan (Continued)**

\$175,032 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30, ___</u>	<u>Amount</u>
2022	\$ (831,074)
2023	306,953
2024	(39,415)
2025	<u>(156,884)</u>
Totals	<u>\$ (720,420)</u>

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

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

<sub>1</sub> 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.

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**Note H – Defined benefit pension plan (Continued)**

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

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

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

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

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

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

<sub>1</sub> 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.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
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**Note H – Defined benefit pension plan (Continued)**

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

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

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

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

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

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

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

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
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**Note H – Defined benefit pension plan (Continued)**

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

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

<sub>1</sub> The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
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**Note H – Defined benefit pension plan (Continued)**

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 6,162,698	\$ 4,517,836	\$ 3,147,123

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Payables to the pension plan

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

**Note I – Defined contribution pension plan**

Voluntary Investment Program

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

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**Note I – Defined contribution pension plan (Continued)**

*Funding policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$3,131 for the Voluntary Investment Program.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

*PERA Benefit Structure*

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

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

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

*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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$17,311 for the year ended June 30, 2021.

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

At year-end, the District reported a liability of \$164,180 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.0173 percent, which was an increase of 0.0005 percent from its proportion measured as of December 31, 2019.

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

For the year ended June 30, 2021, the District recognized OPEB expense of (\$4,637). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 492	\$ 35,398
Changes of assumptions or other inputs	1,219	10,067
Net difference between projected and actual earnings on OPEB plan investments	-	6,741
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,099	24,704
Contributions subsequent to the measurement date	<u>8,980</u>	<u>-</u>
Total	<u>\$ 15,790</u>	<u>\$ 76,910</u>

\$8,980 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2022	\$ (19,547)
2023	(18,489)
2024	(17,120)
2025	(11,374)
2026	(3,365)
2027	<u>(205)</u>
Total	<u>\$ (70,100)</u>

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

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

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

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

Initial Costs for Members without Medicare Part A

<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

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

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

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

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

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

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

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

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

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

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

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

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

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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

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

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

<sub>1</sub> The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 159,936	\$ 164,180	\$ 169,120

*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:

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 188,071	\$ 164,180	\$ 143,767

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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

*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](http://www.copera.org/investments/pera-financial-reports).

Payables to the OPEB plan

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

**Note K – Risk management**

Colorado School Districts Self-Insurance Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$72,630. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

BEST Health Plan

The District joined the Colorado Boards of Education Self-Funded Trust (BEST) in 2012. This partially self-funded trust was established in 2004 to offer a stable, long term, statewide medical program designed to meet the business objective and challenges of school districts. Medical coverage for the District employees is purchased through the trust.

The District pays a monthly premium to BEST to provide health insurance coverage and services for its plan members. Employees are responsible for paying a deductible amount before the plan begins to pay. The individual deductible amount for fiscal year 2021 was \$3,500. There is no lifetime maximum benefit for our plan members.

Because there is the potential to incur high-cost medical claims, BEST purchases stop-loss coverage to cover claims that exceed its deductible limit, which is currently \$50,000. Each year, the deductible limit is reviewed based on actuarial analysis to determine if paying an additional premium would increase or reduce the ultimate cost of risk to the District. As members of the BEST Health Plan, the District also purchases prescription coverage through the pool.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note L – Commitments and contingencies**

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. In November 1996, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$280,000 for the emergency reserve.

**Note M – Joint venture**

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

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Financial Statements**

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**Note M – Joint venture (Continued)**

- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

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

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

For the year, the District's financial contribution was \$91,265.

**Note N – Subsequent events**

On November 3, 2020, Sedgwick County voters approved Julesburg School District No. RE-1 Ballot Issue 3A, increasing debt up to \$6,721,470 with a repayment cost of up to \$11,300,000, with District taxes being increased by up to \$565,000 annually, with the increase in debt to occur only if the District receives a BEST grant award of not less than \$33,000,000 for the purpose of constructing a Pre-K through 12<sup>th</sup> grade school. The district is tentatively set to close on the certificates of participation on December 9<sup>th</sup>, 2021, with construction on the new building beginning in March of 2022. The estimated cost of the project is \$41,648,343, with \$33,470,964 awarded in BEST grant funds and a district match of \$8,177,379.

### **Required Supplementary Information**

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

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,202,631	\$ 1,227,181	\$ 1,204,551	\$ (22,630)
Intermediate sources	1,200	1,150	583	(567)
State sources	9,236,029	7,860,880	7,806,354	(54,526)
Federal sources	229,423	517,206	1,033,630	516,424
Total revenues	10,669,283	9,606,417	10,045,118	438,701
Expenditures				
Instruction	7,230,287	6,190,088	6,035,770	154,318
Supporting services	2,682,963	2,377,482	2,288,984	88,498
Capital outlay			15,261	(15,261)
Appropriated reserves	9,334,533	9,249,155		9,249,155
Total expenditures	19,247,783	17,816,725	8,340,015	9,476,710
Excess of revenues over (under) expenditures	(8,578,500)	(8,210,308)	1,705,103	9,915,411
Other financing uses				
Transfers out	(120,000)	(111,000)	(99,500)	11,500
Net change in fund balance	<u>\$ (8,698,500)</u>	<u>\$ (8,321,308)</u>	1,605,603	<u>\$ 9,926,911</u>
Fund balance at beginning of year			8,321,338	
Fund balance at end of year			<u>\$ 9,926,941</u>	

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 58,010	\$ 12,004	\$ 12,282	\$ 278
State sources	3,450	1,400	1,399	(1)
Federal sources	88,000	197,080	199,850	2,770
<b>Total revenues</b>	<b>149,460</b>	<b>210,484</b>	<b>213,531</b>	<b>3,047</b>
<b>Expenditures</b>				
Supporting services				
Salaries	56,000	82,000	69,199	12,801
Employee benefits	12,432	16,550	15,473	1,077
Purchased services	200	650	485	165
Supplies and materials	101,728	124,184	123,036	1,148
Property	600	2,600	1,832	768
<b>Total expenditures</b>	<b>170,960</b>	<b>225,984</b>	<b>210,025</b>	<b>15,959</b>
Excess of revenues over (under) expenditures	(21,500)	(15,500)	3,506	19,006
<b>Other financing sources</b>				
Transfers in	17,000	11,000	4,500	(6,500)
<b>Net change in fund balance</b>	<b>\$ (4,500)</b>	<b>\$ (4,500)</b>	<b>8,006</b>	<b>\$ 12,506</b>
Fund balance at beginning of year			4,399	
Fund balance at end of year			\$ 12,405	

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Schedule of the District's Proportionate Share of the Net Pension Liability<sup>1</sup>**  
**PERA's School Division Trust Fund**  
**June 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net pension liability	0.0299%	0.0257%	0.0265%	0.0343%
District's proportionate share of the net pension liability	\$ 4,517,836	\$ 3,843,964	\$ 4,698,923	\$ 11,086,648
State's proportionate share of the net pension liability	<u>-</u>	<u>487,558</u>	<u>642,512</u>	<u>-</u>
Total	<u>\$ 4,517,836</u>	<u>\$ 4,331,522</u>	<u>\$ 5,341,435</u>	<u>\$ 11,086,648</u>
District's covered payroll	\$ 1,597,774	\$ 1,511,930	\$ 1,459,062	\$ 1,581,540
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.76%	254.24%	322.05%	701.00%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%

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

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

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<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0367%	0.0374%	0.0368%	0.0382%
\$ 10,913,714	\$ 5,724,222	\$ 4,984,228	\$ 4,875,855
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 10,913,714</u>	<u>\$ 5,724,222</u>	<u>\$ 4,984,228</u>	<u>\$ 4,875,855</u>
\$ 1,645,157	\$ 1,631,067	\$ 1,540,602	\$ 1,545,172
663.38%	350.95%	323.52%	315.55%
43.10%	59.20%	62.84%	64.10%

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's School Division Trust Fund**  
**June 30, 2021**

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	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 337,392	\$ 299,256	\$ 281,211	\$ 274,277
Contributions in relation to the contractually required contribution	<u>(337,392)</u>	<u>(299,256)</u>	<u>(281,211)</u>	<u>(274,277)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,697,139	\$ 1,544,147	\$ 1,470,001	\$ 1,453,906
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.86%

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

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<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 309,039	\$ 289,734	\$ 247,585	\$ 239,807
<u>(309,039)</u>	<u>(289,734)</u>	<u>(247,585)</u>	<u>(239,807)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,681,120	\$ 1,636,031	\$ 1,462,566	\$ 1,500,402
18.38%	17.71%	16.93%	15.98%

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2021**

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	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.0173%	0.0168%	0.0173%	0.0195%
District's proportionate share of the net OPEB liability	\$ 164,180	\$ 189,000	\$ 234,712	\$ 253,172
District's covered payroll	\$ 1,597,774	\$ 1,511,930	\$ 1,459,062	\$ 1,581,540
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%

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

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

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June 30, 2017

0.0208%

\$ 270,137

\$ 1,645,157

16.42%

16.72%

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2021**

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	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 17,311	\$ 15,750	\$ 14,994	\$ 14,830
Contributions in relation to the contractually required contribution	<u>(17,311)</u>	<u>(15,750)</u>	<u>(14,994)</u>	<u>(14,830)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,697,139	\$ 1,544,147	\$ 1,470,001	\$ 1,453,906
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

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June 30, 2017

\$ 17,148

(17,148)

\$ -

\$ 1,681,120

1.02%

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to the Required Supplementary Information**

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**Note A – Budgetary data**

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

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

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

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

### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

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## **Budgetary Comparison Schedules – General Fund**

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

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Local sources</b>				
Property taxes	\$ 898,759	\$ 898,759	\$ 915,444	\$ 16,685
Specific ownership taxes	111,772	111,772	111,199	(573)
Delinquent taxes and interest	4,600	5,450	3,463	(1,987)
Tuition	21,000	6,850	6,860	10
Earnings on investments	100,000	100,500	82,599	(17,901)
Other local sources	66,500	103,850	84,986	(18,864)
<b>Total local sources</b>	<b>1,202,631</b>	<b>1,227,181</b>	<b>1,204,551</b>	<b>(22,630)</b>
<b>Intermediate sources</b>	<b>1,200</b>	<b>1,150</b>	<b>583</b>	<b>(567)</b>
<b>State sources</b>				
Equalization	9,039,529	7,105,180	7,105,143	(37)
Vocational education			64,632	64,632
ELPA professional development	10,000	5,750	5,737	(13)
English language proficiency		5,125	5,122	(3)
Transportation	12,500	12,530	13,206	676
State grants to libraries	4,500	3,500	3,500	-
Small rural schools funding		263,729	263,729	-
Additional at-risk funding	6,000	7,121	7,121	-
Career success pilot program	23,000	125,000	4,652	(120,348)
READ Act	4,500	4,500	4,487	(13)
Concurrent enrollment expansion		50,000	50,000	-
Revenue from other agencies		5,000	5,000	-
Services within the BOCES	136,000	273,445	274,025	580
<b>Total state sources</b>	<b>9,236,029</b>	<b>7,860,880</b>	<b>7,806,354</b>	<b>(54,526)</b>
<b>Federal sources</b>				
Coronavirus relief			462,222	462,222
ESSER II		177,002	178,887	1,885
ESSER education stabilization fund		61,871	61,871	-
CRF: K-12 at-risk pupils		52,315	52,315	-
ESF: 10% discretionary		37,363	37,363	-
Revenue from other agencies	5,000	14,755	51,233	36,478
REAP	48,000	44,524	44,524	-
Services within the BOCES	176,423	129,376	145,215	15,839
<b>Total federal sources</b>	<b>229,423</b>	<b>517,206</b>	<b>1,033,630</b>	<b>516,424</b>
<b>Total revenues</b>	<b>\$ 10,669,283</b>	<b>\$ 9,606,417</b>	<b>\$ 10,045,118</b>	<b>\$ 438,701</b>

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**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	\$ 4,672,050	\$ 4,466,609	\$ 3,999,349	\$ 467,260
Employee benefits	1,057,052	377,808	782,933	(405,125)
Purchased services	728,500	725,589	687,030	38,559
Supplies and materials	679,885	520,999	490,102	30,897
Property	81,500	93,396	71,529	21,867
Other	11,300	5,687	4,827	860
<b>Total instruction</b>	<b>7,230,287</b>	<b>6,190,088</b>	<b>6,035,770</b>	<b>154,318</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	543,100	543,033	543,032	1
Employee benefits	126,288	36,452	36,443	9
Purchased services	100	100		100
Supplies and materials	800	1,760	1,251	509
<b>Total students</b>	<b>670,288</b>	<b>581,345</b>	<b>580,726</b>	<b>619</b>
<b>Instructional staff</b>				
Salaries	68,700	75,475	75,471	4
Employee benefits	22,436	25,206	25,215	(9)
Purchased services	1,800	2,334	934	1,400
Supplies and materials	19,100	46,093	41,385	4,708
<b>Total instructional staff</b>	<b>112,036</b>	<b>149,108</b>	<b>143,005</b>	<b>6,103</b>
<b>General administration</b>				
Salaries	129,000	129,054	129,052	2
Employee benefits	42,775	44,801	44,798	3
Purchased services	112,460	71,460	40,922	30,538
Supplies and materials	6,500	6,500	2,014	4,486
Property	3,560	3,560		3,560
Other	12,700	8,500	4,202	4,298
<b>Total general administration</b>	<b>306,995</b>	<b>263,875</b>	<b>220,988</b>	<b>42,887</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	188,000	188,305	188,324	(19)
Employee benefits	54,463	58,264	58,235	29
Purchased services	518,900	434,422	434,422	-
Supplies and materials	46,600	1,600	293	1,307
Other	2,000	1,000	1,340	(340)
Total school administration	809,963	683,591	682,614	977
Business services				
Salaries	42,300	42,861	42,860	1
Employee benefits	19,795	18,309	18,305	4
Total business services	62,095	61,170	61,165	5
Operations and maintenance				
Salaries	116,500	105,735	105,734	1
Employee benefits	32,120	29,283	29,244	39
Purchased services	60,100	57,202	59,442	(2,240)
Supplies and materials	208,000	117,291	105,323	11,968
Property	8,000	8,000	873	7,127
Total operations and maintenance	424,720	317,511	300,616	16,895
Student transportation				
Salaries	30,400	24,005	22,614	1,391
Employee benefits	6,753	4,899	4,895	4
Purchased services	14,000	14,000	7,125	6,875
Supplies and materials	15,700	10,310	8,666	1,644
Property	104,000	125,194	121,695	3,499
Total student transportation	170,853	178,408	164,995	13,413

(Continued)

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2021**

(Continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	121,000	134,431	126,834	7,597
Property		3,230	3,230	-
Total central support services	121,000	137,661	130,064	7,597
Food service operations				
Salaries	4,100	4,082	4,082	-
Employee benefits	913	731	729	2
Total food service operations	5,013	4,813	4,811	2
Total supporting services	2,682,963	2,377,482	2,288,984	88,498
Capital outlay				
Facilities acquisition				
Property			15,261	(15,261)
Total capital outlay	-	-	15,261	(15,261)
Appropriated reserves	9,334,533	9,249,155		9,249,155
Total expenditures	<u>\$ 19,247,783</u>	<u>\$ 17,816,725</u>	<u>\$ 8,340,015</u>	<u>\$ 9,476,710</u>

## **Budgetary Comparison Schedule – Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

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

- Sedgwick County Cougar Fund – This fund is used to account for expenditures related to the cooperative athletic activities.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**For the Year Ended June 30, 2021**

	Sedgwick County Cougars Fund	Pupil Activity Fund	Totals
Assets			
Cash	\$ 11,455	\$ 121,444	\$ 132,899
Total assets	<u>\$ 11,455</u>	<u>\$ 121,444</u>	<u>\$ 132,899</u>
Liabilities	\$ -	\$ -	\$ -
Fund balance			
Committed to pupil activities	11,455	121,444	132,899
Total fund balance	<u>11,455</u>	<u>121,444</u>	<u>132,899</u>
Total liabilities and fund balance	<u>\$ 11,455</u>	<u>\$ 121,444</u>	<u>\$ 132,899</u>

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2021**

	Sedgwick County Cougars Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 113,081	\$ 81,424	\$ 194,505
Expenditures			
Instruction	188,966	71,890	260,856
Supporting services	12,387		12,387
Total expenditures	201,353	71,890	273,243
Excess of revenues over (under) expenditures	(88,272)	9,534	(78,738)
Other financing sources			
Transfers in	95,000		95,000
Net change in fund balances	6,728	9,534	16,262
Fund balance at beginning of year	4,727	111,910	116,637
Fund balance at end of year	<u>\$ 11,455</u>	<u>\$ 121,444</u>	<u>\$ 132,899</u>

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Sedgwick County Cougars Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources				
Fundraising and other events	\$ 36,510	\$ 18,247	\$ 18,081	\$ (166)
Contributions from Revere School District	110,500	100,000	95,000	(5,000)
Total revenues	147,010	118,247	113,081	(5,166)
<b>Expenditures</b>				
Instruction				
Salaries	85,610	84,575	77,000	7,575
Employee benefits	20,116	18,599	16,797	1,802
Purchased services	54,550	38,463	34,485	3,978
Supplies and materials	24,834	20,409	18,225	2,184
Other	43,300	44,151	42,459	1,692
Total instruction	228,410	206,197	188,966	17,231
Supporting services				
Purchased services	20,000	10,000	10,108	(108)
Supplies and materials	10,300	3,250	2,279	971
Total supporting services	30,300	13,250	12,387	863
Total expenditures	258,710	219,447	201,353	18,094
Excess of revenues over (under) expenditures	(111,700)	(101,200)	(88,272)	12,928
Other financing sources				
Transfers in	110,500	100,000	95,000	(5,000)
Net change in fund balance	<u>\$ (1,200)</u>	<u>\$ (1,200)</u>	6,728	<u>\$ 7,928</u>
Fund balance at beginning of year			<u>4,727</u>	
Fund balance at end of year			<u>\$ 11,455</u>	

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 95,000	\$ 95,000	\$ 81,424	\$ (13,576)
Expenditures				
Instruction				
Purchased services			2,528	(2,528)
Supplies and materials			47,870	(47,870)
Other	102,000	102,000	21,492	80,508
Appropriated reserves	48,000	48,000		48,000
Total expenditures	150,000	150,000	71,890	78,110
Net change in fund balance	\$ (55,000)	\$ (55,000)	9,534	\$ 64,534
Fund balance at beginning of year			111,910	
Fund balance at end of year			\$ 121,444	

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## **Single Audit Section**

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services Donated Commodities	10.555	4555	\$ 9,636
Colorado Department of Education COVID-19 Summer Food Service Program for Children	10.559	4559	39,068
Summer Food Service Program for Children	10.559	4559	151,146
Total Child Nutrition Cluster/U.S. Department of Agriculture			199,850
<b>U.S. Department of Education</b>			
Rural Education	84.358	4358	44,524
Pass-through programs from:			
State Board of Community Colleges:			
Career and Technical Education - Basic Grants to States	84.048	4048	51,233
Colorado Department of Education:			
COVID-19 Education Stabilization Fund	84.425D	4420	178,887
COVID-19 Education Stabilization Fund	84.425D	4425	61,871
COVID-19 Education Stabilization Fund	84.425D	5425	37,363
Total CFDA Number 84.425D			278,121
Total U.S. Department of Education			373,878
<b>U.S. Department of the Treasury</b>			
Pass-through program from:			
Colorado Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	4012	462,222
COVID-19 Coronavirus Relief Fund	21.019	5012	52,315
Total CFDA Number 21.019/Total U.S. Department of the Treasury			514,537
Total expenditures of federal awards			\$ 1,088,265

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Notes to Schedule of Expenditures of Federal Awards**

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**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Julesburg School District No. RE-1 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Julesburg School District No. RE-1, it is not intended to and does not present the financial position, changes in net position, or cash flows of Julesburg School District No. RE-1.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect Cost Rate**

Julesburg School District No. RE-1 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note D – Subrecipients**

Julesburg School District No. RE-1 did not pass through any federal grants to subrecipients.

**Note E – Nonmonetary assistance**

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Julesburg School District No. RE-1 received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	\$ <u>9,636</u>
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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Education  
Julesburg School District No. RE-1  
Julesburg, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Julesburg School District No. RE-1 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Districts' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 29, 2021



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education  
Julesburg School District No. RE-1  
Julesburg, Colorado

**Report on Compliance for Each Major Program**

We have audited the Julesburg School District No. RE-1's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 29, 2021

**JULESBURG SCHOOL DISTRICT NO. RE-1**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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**Summary of audit results**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Julesburg School District No. RE-1 (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The program tested as major was:  

Coronavirus Relief Fund	CFDA No. 21.019
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8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did not qualify as a low-risk auditee.

**Findings – Financial statement audit**

We noted no findings that are required to be reported under *Government Auditing Standards*.

**Findings and Questioned Costs**

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

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**Colorado Department of Education  
Supplementary Schedule**

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

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**Independent Auditors' Report on Auditors' Integrity Report**

Board of Education  
Julesburg School District No. RE-1  
Julesburg, Colorado

We have audited the basic financial statements of the Julesburg School District No. RE-1 (the District) as of and for the year ended June 30, 2021, and our report thereon dated November 29, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 29, 2021



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2862 - Julesburg 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	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	+		-	=
10 General Fund	8,321,338	9,945,618	8,340,015	9,926,941
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub-Total</b>	<b>8,321,338</b>	<b>9,945,618</b>	<b>8,340,015</b>	<b>9,926,941</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	111,910	81,424	71,890	121,444
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	4,399	218,031	210,024	12,405
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	4,727	208,081	201,352	11,455
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>8,442,374</b>	<b>10,453,154</b>	<b>8,823,282</b>	<b>10,072,246</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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