

***Woodlin School District R-104***  
**Woodrow, Colorado**

**Financial Statements**

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

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
 Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	20-56
 Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	58
Food Service Fund – Budgetary Comparison Schedule	59
Pupil Activity Fund – Budgetary Comparison Schedule	60
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	62-63
Schedule of District Contributions – PERA's School Division Trust Fund	64-65
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	66-67
Schedule of District Contributions – PERA's Health Care Trust Fund	68-69
Notes to the Required Supplementary Information	70
 Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	74
Budgetary Comparison Schedule - Expenditures	76-78
 Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Auditors' Integrity Report	81
Auditors' Integrity Report	82



## **Independent Auditors' Report**

Board of Education  
Woodlin School District R-104  
Woodrow, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodlin School District R-104 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information 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 is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sterling, Colorado  
October 21, 2021

**WOODLIN SCHOOL DISTRICT R-104  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

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This section of Woodlin School District R-104'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 the Woodlin School District R-104 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$744,950 (net position).
- The district's total net position increased by \$804,396.
- General revenues accounted for \$1,777,649 or 75% of the \$2,373,448 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$595,799 or 25% of revenues.
- The general fund ending fund balance reached \$1,563,127, an increase of \$136,891 from last year.

**Overview of Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. 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 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 fund: 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 three 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, Food Service Fund, and Pupil Activity Fund, which are considered to be major funds.

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 comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 58-78.

**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.

53% of the School District’s assets are investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

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

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
Current and Other assets	\$ 2,048,950	\$ 1,870,252	9.55%
Capital assets	2,090,573	2,131,328	-1.91%
<b>Total assets</b>	<b>4,139,523</b>	<b>4,001,580</b>	<b>3.45%</b>
<b>Deferred outflows of resources</b>	<b>430,995</b>	<b>301,236</b>	<b>43.08%</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,570,518</b>	<b>\$ 4,302,816</b>	<b>6.22%</b>
Long term liabilities	\$ 2,243,139	\$ 2,388,725	-6.09%
Other liabilities	381,548	347,472	9.81%
<b>Total liabilities</b>	<b>2,624,687</b>	<b>2,736,197</b>	<b>-4.08%</b>
<b>Deferred inflows of resources</b>	<b>1,200,881</b>	<b>1,626,065</b>	<b>-26.15%</b>
Net investment in capital assets	2,090,573	2,131,328	-1.91%
Restricted	139,716	97,811	42.84%
Unrestricted	(1,485,339)	(2,288,585)	-35.10%
<b>Total net position</b>	<b>744,950</b>	<b>(59,446)</b>	<b>-1,353.15%</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,570,518</b>	<b>\$ 4,302,816</b>	<b>6.22%</b>

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

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 26,101	\$ 33,235	-21.47%
Operating Grants & Contributions	569,698	194,507	192.89%
Capital Grants & Contributions	-	40,890	-100.00%
General Revenue			
Property taxes	1,242,390	1,281,650	-3.06%
State equalization	466,841	566,049	-17.53%
Other	68,418	100,575	-31.97%
<b>Total Revenue</b>	<b>2,373,448</b>	<b>2,216,906</b>	<b>7.06%</b>
<b>Expenses</b>			
Instruction	437,043	774,604	-43.58%
Pupil & Instructional Services	203,989	79,843	155.49%
Administration & Business	151,083	242,798	-37.77%
Maintenance & Operations	333,177	321,119	3.75%
Transportation	98,755	136,987	-27.91%
Other	345,005	334,086	3.27%
<b>Total Expenses</b>	<b>1,569,052</b>	<b>1,889,437</b>	<b>-16.96%</b>
<b>Change in net position</b>	<b>804,396</b>	<b>327,469</b>	<b>145.64%</b>
<b>Net position at beginning of year</b>	<b>(59,446)</b>	<b>(386,915)</b>	<b>84.64%</b>
<b>Net position at end of year</b>	<b>\$ 744,950</b>	<b>\$ (59,446)</b>	<b>1,353.15%</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 \$15,833 per funded student. In fiscal year 2020-21 the funded pupil count was 90.8. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 26 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$1,091,893 in property taxes levied for all purposes in 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 combined ending fund balances of \$1,657,563, an increase of \$147,459.

## General Fund Budget Highlights

The difference between the original and final budgets in the year are as follows:

- The revenues increased due to an increase in Federal ESSER I & II Funds in response to COVID-19, State Funds in the form of Small Rural Schools dollars and local revenues from Specific Ownership Taxes from the original budget to the final budget.
- The expenses were decreased from a decrease in employee benefits, purchased services, supplies, materials and other expenses.
- The most notable modification from the original budget to the final budget was the allowable use of CRF Funds to offset the cost of teacher's salary and benefits (Medicare, PERA, and Unemployment) in the amount of \$113,684.79.

The differences that are found between the final budget and the actual expended amounts are as follows:

- **Revenues**
  - Budgeted revenues \$2,150,893.24 Actual Revenues \$2,270,120.12
  - Increased revenues \$119,226.88
- **Local Revenues**
  - Budgeted revenues \$1,206,037.44 Actual Revenues \$1,287,397.92
  - \$81,360.48 increase in the local income sources amounts. The largest contributing factor was an increase in specific ownership taxes of \$35,413.68. The remaining increases and decreases can be found in the other line items in the local revenue sources.
- **State Revenues**
  - Budgeted revenues \$614,819.73 Actual Revenues \$628,517.34
  - \$13,697.61 increase in the state sources amounts.
  - The main increase is attributed to Equalization revenue increasing slightly in the amount of \$13,697.61 the 2020-2021 fiscal year. The remaining increases and decreases can be found in the other line items in the local revenue sources.

## **Federal Revenues**

- Budget Revenues \$330,036.07 Actual Revenues \$354,204.86
- \$24,168.79 increase in the federal source amounts
- Woodlin School received slightly over \$191,000.00 in Corona Virus Relief Funds. The district spent roughly \$4,300.00 in the 2019-2020 fiscal year. The balance was deferred to the 2020-2021 fiscal year and was primarily used to upgraded technology for the students and instructional staff and to offset the costs of teacher's salary and benefits due to lost learning time due to COVID-19. The district also utilized ESSER I & II funds to offset salary and benefits for instructional staff due to lost learning time due to COVID-19. ie. Chromebooks and interactive televisions and software to promote learning in and out of the classroom. The Colorado Department of Education made a provision for school districts in the 2020-2021 fiscal year to use a part of the funds to be coded to salaries because the instructional staff provided instruction for the period of March 2020 to May 2020.

### ▪ **Expenses**

- Budgeted Expenses \$2,201,244.18 Actual Expenses \$2,185,524.64
- \$15,719.54 decrease in actual versus budgeted expenditures can be attributed to several factors both positive and negative. They are as follows:
- Major purchases the district made during the 2020-2021 fiscal year was the purchase of a new 14 passenger bus. The district also continues to have costs to upkeep housing owned and maintained by the school district.
- **Salaries Budgeted \$885,686.65 Actual \$916,855.60**
- \$31,168.95 increase in salaries. This was due to staff member personnel changes and leave. Other contributing factors was paying all district staff hazard pay in the amount of \$10,488.00 with ESSER II Funds for extra time spent cleaning high touch surfaces daily and extra costs in transportation for bus and activity drivers. Increases and decreases can be found in the line items associated with salary expenses.
- **Employee Benefits Budgeted \$332,327.46 Actual \$323,330.49**
- \$8,996.97 decrease in employee benefits. This was due to staff member and personnel changes. The district employed an individual who was exempt from paying PERA, Medicare and Unemployment and the district was exempt from paying PERA, Medicare and Unemployment. Increases and decreases can be found in the line items associated with benefit expenses.
- **Purchase Service Budgeted \$390,190.29 Actual \$369,774.27**
- \$20,416.02 decrease in purchased services. The major areas of decrease were contracted services in counseling and transportation repair services but increases in contracted services in repair and maintenance. Increases and decreases can be found in the line items associated with purchased services.

- **Supplies Budgeted \$321,399.69 Actual \$305,375.23**
- \$16,024.46 decrease in supplies. Major differences in the original budget to the actual expenses was a \$19,500.00 decrease in supplies for the Concurrent Enrollment Expansion Grant, \$6,500.00 decrease in fuel costs, \$6,500.00 decrease in electricity and \$2,000.00 in nonfood costs, and \$8,500.00 increase in maintenance supplies, and a \$13,000.00 increase in propane expenses. Increases and decreases can be found in the line items associated with supplies.
- **Other Expenses Budgeted \$271,640.09 Actual \$270,189.05**
- \$1,451.04 decrease in equipment and other expenses. Increases and decreases can be found in the line items associated with other budgeted expenses.
- **Major Projected Expenses for FY 22**
- Purchase of a new 14 passenger bus. \$61,500.00 purchased with ESSER II Funds. The purchase of new elementary math curriculum for \$15,000.00.

**Capital Assets and Debt Administration**

**Capital Assets**

The School Districts investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$2,090,573 (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

Land	\$	30,745
Land improvements		379,030
Buildings and improvements		1,339,714
Furniture and equipment		196,702
Licensed vehicles		<u>144,382</u>
Total	\$	<u>2,090,573</u>

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

**Economic Factors**

- Enrollment continued to decrease in FY 21 from FY 20, the enrollment outlook for FY 22 remains stable. The enrollment decreasing from FY 18 to FY 22 and the per pupil funding amount being decreased due to the budget stabilization factor will mean less revenues for the district.
- Health and Property insurance premiums continue to rise at a rate that is higher than the percentage of funding increase.

**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 Woodlin School District R-104, 15400 CR L #185, Woodrow, CO 80757.

## **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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Statement of Net Position**  
**June 30, 2021**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 1,462,077
Cash with fiscal agent	9,950
Certificates of deposit	47,746
Investments	481,792
Receivables	44,079
Inventory	3,306
Capital assets, net of depreciation	<u>2,090,573</u>
 Total assets	 4,139,523
<b>Deferred outflows of resources</b>	
Pension deferrals	422,160
Other post-employment benefit deferrals	<u>8,835</u>
 Total deferred outflows of resources	 <u>430,995</u>
 Total assets and deferred outflows of resources	 <u>\$ 4,570,518</u>
<b>Liabilities</b>	
Intergovernmental payable	\$ 169,774
Accounts payable	40,300
Accrued salaries and benefits	130,015
Unearned revenue	2,673
Unearned grant revenue	38,786
Noncurrent liabilities	
Net pension liability	2,164,503
Net other post-employment benefit liability	<u>78,636</u>
 Total liabilities	 2,624,687
<b>Deferred inflows of resources</b>	
Pension deferrals	1,152,228
Other post-employment benefit deferrals	<u>48,653</u>
 Total deferred inflows of resources	 1,200,881
<b>Net position</b>	
Net investment in capital assets	2,090,573
Restricted for emergencies	60,000
Restricted for food service	31,269
Restricted for Colorado preschool program	48,447
Unrestricted (deficit)	<u>(1,485,339)</u>
 Total net position	 <u>744,950</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 4,570,518</u>

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

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**WOODLIN SCHOOL DISTRICT R-104**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 437,043	\$ 22,019	\$ 204,478	
Supporting services				
Students	101,823		70,713	
Instructional staff	102,166		89,303	
General administration	71,903			
School administration	12,054			
Business services	67,126		1,204	
Operations and maintenance	333,177		97,821	
Student transportation	98,755		52,361	
Other support services	128,025			
Food service operations	112,895	4,082	53,818	
Unallocated depreciation *	104,085			
Total governmental activities	<u>\$ 1,569,052</u>	<u>\$ 26,101</u>	<u>\$ 569,698</u>	<u>\$ -</u>

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

General revenues
Taxes
Property taxes, levied for general purposes
Specific ownership taxes
Delinquent taxes and interest
State categorical aid
Earnings on investments
Other
Total general revenues
Change in net position
Net position (deficit) at beginning of year
Net position at end of year

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

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Net (Expenses)  
Revenues and  
Changes in  
Net Position

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Total  
Governmental  
Activities

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\$ (210,546)

(31,110)

(12,863)

(71,903)

(12,054)

(65,922)

(235,356)

(46,394)

(128,025)

(54,995)

(104,085)

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(973,253)

1,091,893

148,854

1,643

466,841

1,597

66,821

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1,777,649

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804,396

(59,446)

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\$ 744,950

**WOODLIN SCHOOL DISTRICT R-104**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Food Service Fund	Pupil Activity Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 1,396,949	\$ 25,267	\$ 39,861	\$ 1,462,077
Cash with fiscal agent	9,950			9,950
Certificates of deposit	27,746		20,000	47,746
Investments	481,792			481,792
Property taxes receivable	21,549			21,549
Grants receivable	13,708	6,486		20,194
Other receivables	147	2,189		2,336
Inventory		3,306		3,306
<b>Total assets</b>	<b>\$ 1,951,841</b>	<b>\$ 37,248</b>	<b>\$ 59,861</b>	<b>\$ 2,048,950</b>
<b>Liabilities</b>				
Intergovernmental payable	\$ 169,774			\$ 169,774
Accounts payable	40,300			40,300
Accrued salaries and benefits	130,015			130,015
Unearned grant revenues	38,786			38,786
Unearned revenues		\$ 2,673		2,673
<b>Total liabilities</b>	<b>378,875</b>	<b>2,673</b>	<b>\$ -</b>	<b>381,548</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	9,839			9,839
<b>Total deferred inflows of resources</b>	<b>9,839</b>	<b>-</b>	<b>-</b>	<b>9,839</b>
<b>Fund balance</b>				
Nonspendable inventory		3,306		3,306
Restricted for:				
Emergencies	60,000			60,000
Food service		31,269		31,269
Colorado preschool program	48,447			48,447
Committed to:				
Pupil activities			59,861	59,861
Unassigned	1,454,680			1,454,680
<b>Total fund balance</b>	<b>1,563,127</b>	<b>34,575</b>	<b>59,861</b>	<b>1,657,563</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 1,951,841</b>	<b>\$ 37,248</b>	<b>\$ 59,861</b>	<b>\$ 2,048,950</b>

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

**WOODLIN SCHOOL DISTRICT R-104****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 is different because:

Total fund balance - governmental funds	\$ 1,657,563
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	2,090,573
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	9,839
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	430,995
Long-term liabilities, including net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,243,139)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	<u>(1,200,881)</u>
Net position of the governmental activities	<u><u>\$ 744,950</u></u>

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Food Service Fund	Pupil Activity Fund	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 1,287,358	\$ 4,082	\$ 48,265	\$ 1,339,705
Intermediate sources	41			41
State sources	628,517	426		628,943
Federal sources	354,204	53,392		407,596
<b>Total revenues</b>	<b>2,270,120</b>	<b>57,900</b>	<b>48,265</b>	<b>2,376,285</b>
<b>Expenditures</b>				
Instruction	816,001		43,301	859,302
Supporting services	1,257,565	111,959		1,369,524
<b>Total expenditures</b>	<b>2,073,566</b>	<b>111,959</b>	<b>43,301</b>	<b>2,228,826</b>
<b>Excess of revenues over (under) expenditures</b>	<b>196,554</b>	<b>(54,059)</b>	<b>4,964</b>	<b>147,459</b>
<b>Other financing sources (uses)</b>				
Transfers in		59,663		59,663
Transfers out	(59,663)			(59,663)
<b>Total other financing sources (uses)</b>	<b>(59,663)</b>	<b>59,663</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>136,891</b>	<b>5,604</b>	<b>4,964</b>	<b>147,459</b>
<b>Fund balance at beginning of year</b>	<b>1,426,236</b>	<b>28,971</b>	<b>54,897</b>	<b>1,510,104</b>
<b>Fund balance at end of year</b>	<b>\$ 1,563,127</b>	<b>\$ 34,575</b>	<b>\$ 59,861</b>	<b>\$ 1,657,563</b>

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

**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 147,459
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 outlay in the current period.	(36,291)
In the statement of activities, no gain (loss) on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase (decrease) financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.	(4,464)
Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, pension service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expense and recognition of deferred outflows and inflows from the pensions is reported as pension expense.	700,529
Because some revenues 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 revenues. They are, however, recorded as revenues in the statement of activities.	(2,837)
Change in net position of governmental activities	<u>\$ 804,396</u>

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

## **WOODLIN SCHOOL DISTRICT R-104**

### **Notes to Financial Statements**

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

This summary of the Woodlin School District R-104's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

#### **A.1 – Reporting entity**

The Woodlin School District R-104 is a school district governed by an elected five-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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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:

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

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, 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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

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

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

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

**A.5 – Encumbrances**

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

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

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

**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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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	5-50 years
Furniture and equipment	5-20 years
Licensed vehicles	5-15 years

**A.9 – Compensated absences**

It is the District’s policy to permit employees to accumulate a limited number of temporary leave days each year. Twelve-month employees will earn 12 days of temporary leave per year, while 9 month employees will earn 10 days per year. Upon termination of employment for reasons other than retirement, an employee shall be paid for a maximum of 12 days of accrued temporary leave not taken based upon the current substitute rate of pay.

No liability is shown in the financial statements as the amount would be negligible.

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

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

**WOODLIN SCHOOL DISTRICT R-104**  
**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 is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**A.11 – Fund balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

**A.12 – Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**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 deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,508,393, of which \$277,745 was insured and \$1,230,648 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

**Investments**

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

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**Note B – Cash and investments (Continued)**

The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2020, the District had invested \$481,792 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colostrust	\$ 481,792	\$ 481,792	\$ -	\$ -

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

The following table provides a reconciliation of cash and investments on the statement of net position:

Cash on hand	\$ 1,000
Cash in bank	1,461,077
Investments in Colostrust	481,792
Certificates of deposit	<u>47,746</u>
<b>Total</b>	<b><u>\$ 1,991,615</u></b>
 <u>Statement of net position</u>	
Cash	\$ 1,462,077
Certificates of deposit	47,746
Investments	<u>481,792</u>
<b>Total</b>	<b><u>\$ 1,991,615</u></b>

**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 21,549
Grants receivable	20,194
Other receivables	<u>2,336</u>
Total	<u>\$ 44,079</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>. Washington County bills and collects property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

**Note D – Interfund transactions**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 59,663
Food Service Fund	<u>59,663</u>	<u>-</u>
Total	<u>\$ 59,663</u>	<u>\$ 59,663</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$59,663 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District’s food service operations.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**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	\$ 30,745	\$ -	\$ -	\$ 30,745
Total capital assets, not being depreciated	30,745	-	-	30,745
Capital assets, being depreciated:				
Land improvements	902,045	-	-	902,045
Buildings and improvements	4,724,306	-	(23,230)	4,701,076
Furniture and equipment	403,763	64,294	(22,750)	445,307
Licensed vehicles	<u>582,955</u>	<u>58,671</u>	<u>(111,082)</u>	<u>530,544</u>
Total capital assets, being depreciated	<u>6,613,069</u>	<u>122,965</u>	<u>(157,062)</u>	<u>6,578,972</u>
Total capital assets	6,643,814	122,965	(157,062)	6,609,717
Less accumulated depreciation for:				
Land improvements	(479,413)	(43,602)	-	(523,015)
Buildings and improvements	(3,318,343)	(61,785)	18,766	(3,361,362)
Furniture and equipment	(251,676)	(19,679)	22,750	(248,605)
Licensed vehicles	<u>(463,054)</u>	<u>(34,190)</u>	<u>111,082</u>	<u>(386,162)</u>
Total accumulated depreciation	<u>(4,512,486)</u>	<u>(159,256)</u>	<u>152,598</u>	<u>(4,519,144)</u>
Governmental activities capital assets, net	<u>\$ 2,131,328</u>	<u>\$ (36,291)</u>	<u>\$ (4,464)</u>	<u>\$ 2,090,573</u>

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

Governmental activities	
Instruction	\$ 4,406
Instructional staff	5,519
Operation and maintenance	10,120
Student transportation	34,190
Food service operations	936
Unallocated	<u>104,085</u>
Total depreciation expense	<u>\$ 159,256</u>

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**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 \$130,015. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Defined benefit pension plan**

Summary of Significant Accounting Policies

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

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

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

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

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

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 lessor 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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:

	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.



**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

For the year ended June 30, 2021, the District recognized pension expense of (\$523,127) and revenue of \$0 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 122,951	\$ -
Changes of assumptions or other inputs	208,218	398,216
Net difference between projected and actual earnings on pension plan investments	-	493,299
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	260,713
Contributions subsequent to the measurement date	<u>90,991</u>	<u>-</u>
Total	<u>\$ 422,160</u>	<u>\$ 1,152,228</u>

\$90,991 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 June 30, ___</u>	<u>Amount</u>
2022	\$ (571,351)
2023	(34,689)
2024	(139,855)
2025	<u>(75,164)</u>
Totals	<u>\$ (821,059)</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:

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

**Note G – Defined benefit pension 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%–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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

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

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

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

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

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

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

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

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

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.
- 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:

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

<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 <sup>1</sup>	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

<sup>1</sup> 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:

- 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

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

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	\$ 2,952,559	\$ 2,164,503	\$ 1,507,792

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

*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 H – 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).

*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 \$3,210 for the Voluntary Investment Program.

**Note I – 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$8,747 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 \$78,636 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 0.0083 percent, which was a decrease of 0.0017 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,824. 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	\$ 249	\$ 19,847
Changes of assumptions or other inputs	720	4,822
Net difference between projected and actual earnings on OPEB plan investments	-	3,398
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,197	20,586
Contributions subsequent to the measurement date	<u>4,669</u>	<u>-</u>
Total	<u>\$ 8,835</u>	<u>\$ 48,653</u>

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

\$4,669 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:

Year Ended June 30, ___	Amount
2022	\$ (9,332)
2023	(8,796)
2024	(9,963)
2025	(10,203)
2026	(5,804)
2027	<u>(389)</u>
Total	<u>\$ (44,487)</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:

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

<u>Medicare Plan</u>	<u>Initial Costs for Members without Medicare Part A</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.

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:

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

---

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

<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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

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

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

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

<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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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.

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:

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

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

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 <sup>1</sup>	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

<sup>1</sup> 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

*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</u> <u>in Trend Rates</u>	<u>Current</u> <u>Trend Rates</u>	<u>1% Increase</u> <u>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	\$ 76,604	\$ 78,636	\$ 81,002

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

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>90,079</u>	\$ <u>78,636</u>	\$ <u>68,859</u>

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District 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 \$85,013. 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note K – 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. During the year ended June 30, 1997, 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 \$60,000 for the emergency reserve.

Budget law

Expenditures in the Food Service Fund exceeded appropriations by \$152, and may be in violation of Colorado Local Government Budget Laws.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note L – Joint venture**

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

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or 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. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the East Central Board of Cooperative Educational Services are available by contacting their administrative office in Limon, Colorado.

For the year, the District's contribution was \$42,202.

### **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
- Budgetary Comparison Schedule – Pupil Activity 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

**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 1,138,185	\$ 1,205,997	\$ 1,287,358	\$ 81,361
Intermediate sources		41	41	-
State sources	478,666	614,820	628,517	13,697
Federal sources	237,397	416,398	354,204	(62,194)
Total revenues	1,854,248	2,237,256	2,270,120	32,864
Expenditures				
Instruction	736,599	811,837	816,001	(4,164)
Supporting services	884,135	1,199,561	1,257,565	(58,004)
Appropriated reserves	1,383,469	1,620,568		1,620,568
Total expenditures	3,004,203	3,631,966	2,073,566	1,558,400
Excess of revenues over (under) expenditures	(1,149,955)	(1,394,710)	196,554	1,591,264
Other financing uses				
Transfers out	(56,400)	(67,071)	(59,663)	7,408
Net change in fund balance	<u>\$ (1,206,355)</u>	<u>\$ (1,461,781)</u>	136,891	<u>\$ 1,598,672</u>
Fund balance at beginning of year			<u>1,426,236</u>	
Fund balance at end of year			<u>\$ 1,563,127</u>	

**WOODLIN SCHOOL DISTRICT R-104**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 8,000	\$ 1,373	\$ 4,082	\$ 2,709
State sources	3,200	724	426	(298)
Federal sources	37,900	42,639	53,392	10,753
Total revenues	49,100	44,736	57,900	13,164
Expenditures				
Supporting services				
Salaries	42,167	40,346	43,115	(2,769)
Employee benefits	16,737	15,868	16,549	(681)
Purchased services	1,258	1,258	2,127	(869)
Supplies and materials	44,200	49,535	45,695	3,840
Property	1,138	4,800	4,473	327
Total expenditures	105,500	111,807	111,959	(152)
Excess of revenues over (under) expenditures	(56,400)	(67,071)	(54,059)	13,316
Other financing sources				
Transfers in	56,400	67,071	59,663	(7,408)
Net change in fund balance	\$ -	\$ -	5,604	\$ 5,604
Fund balance at beginning of year			28,971	
Fund balance at end of year			\$ 34,575	

**WOODLIN SCHOOL DISTRICT R-104**  
**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				
Earnings on investments	\$ 700	\$ 700	\$ 134	\$ (566)
Pupil activities	44,300	44,300	48,131	3,831
Total revenues	45,000	45,000	48,265	3,265
Expenditures				
Instruction				
Purchased services	10,000	10,000	4,913	5,087
Supplies and materials	40,000	40,000	38,388	1,612
Total expenditures	50,000	50,000	43,301	6,699
Excess of revenues over (under) expenditures	(5,000)	(5,000)	4,964	(3,434)
Other financing sources				
Transfers in	5,000	5,000		(5,000)
Net change in fund balance	\$ -	\$ -	4,964	\$ 4,964
Fund balance at beginning of year			54,897	
Fund balance at end of year			\$ 59,861	

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**WOODLIN SCHOOL DISTRICT R-104**  
**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	0.0143%	0.0152%	0.0157%	0.0173%
District's proportionate share of the net pension liability	\$ 2,164,503	\$ 2,276,739	\$ 2,774,761	\$ 5,609,629
State's proportionate share of the net pension liability	<u>-</u>	<u>288,775</u>	<u>379,410</u>	<u>-</u>
Total	<u>\$ 2,164,503</u>	<u>\$ 2,565,514</u>	<u>\$ 3,154,171</u>	<u>\$ 5,609,629</u>
District's covered payroll	\$ 765,276	\$ 895,846	\$ 861,484	\$ 800,229
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.84%	254.14%	322.09%	701.00%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%

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

<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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June 30, 2017   June 30, 2016   June 30, 2015   June 30, 2014

0.0169%      0.0168%      0.0159%      0.0171%

\$ 5,043,044    \$ 2,568,358    \$ 2,149,329    \$ 2,186,424

-

-

-

-

\$ 5,043,044    \$ 2,568,358    \$ 2,149,329    \$ 2,186,424

\$ 760,199    \$ 731,831    \$ 664,348    \$ 691,037

663.38%      350.95%      323.52%      316.40%

43.10%      59.20%      62.84%      64.06%

**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 170,480	\$ 159,200	\$ 173,696	\$ 157,376
Contributions in relation to the contractually required contribution	<u>(170,480)</u>	<u>(159,200)</u>	<u>(173,696)</u>	<u>(157,376)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 857,544	\$ 821,464	\$ 907,976	\$ 833,394
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.88%

<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>
\$ 143,870	\$ 128,540	\$ 120,654	\$ 106,333
<u>(143,870)</u>	<u>(128,540)</u>	<u>(120,654)</u>	<u>(106,333)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 782,794	\$ 724,770	\$ 713,852	\$ 665,871
18.38%	17.74%	16.90%	15.97%

**WOODLIN SCHOOL DISTRICT R-104**  
**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	0.0083%	0.0100%	0.0102%	0.0099%
District's proportionate share of the net OPEB liability	\$ 78,636	\$ 111,986	\$ 138,582	\$ 128,100
District's covered payroll	\$ 765,276	\$ 895,846	\$ 861,484	\$ 800,229
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

0.0096%

\$ 124,826

\$ 760,199

16.42%

16.72%

**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 8,747	\$ 8,379	\$ 9,261	\$ 8,501
Contributions in relation to the contractually required contribution	<u>(8,747)</u>	<u>(8,379)</u>	<u>(9,261)</u>	<u>(8,501)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 857,544	\$ 821,464	\$ 907,976	\$ 833,394
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

\$ 7,985

(7,985)

\$ -

\$ 782,794

1.02%

**WOODLIN SCHOOL DISTRICT R-104**  
**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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## **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.

**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 1,000,445	\$ 1,052,555	\$ 1,094,730	\$ 42,175
Specific ownership taxes	113,440	113,440	148,854	35,414
Delinquent taxes and interest			1,643	1,643
Earnings on investments	4,500	8,821	1,463	(7,358)
Other local revenue	19,800	31,181	40,668	9,487
<b>Total local sources</b>	<b>1,138,185</b>	<b>1,205,997</b>	<b>1,287,358</b>	<b>81,361</b>
<b>Intermediate sources</b>		41	41	-
<b>State sources</b>				
Equalization	431,097	428,325	466,841	38,516
Vocational education	13,000	26,000	26,052	52
Transportation	24,000	33,869	35,707	1,838
Library program		3,500	3,500	-
Small rural schools funding		31,025	31,025	-
At-risk funding			653	653
READ act	600			-
State ELPA		359	359	-
English language proficiency		320	320	-
School counselor grant		26,500	23,442	(3,058)
Concurrent enrollment expansion		50,000	25,672	(24,328)
Services within the BOCES	9,969	14,922	14,946	24
<b>Total state sources</b>	<b>478,666</b>	<b>614,820</b>	<b>628,517</b>	<b>13,697</b>
<b>Federal sources</b>				
Coronavirus relief funds	175,226	186,834	184,158	(2,676)
CRF safe schools reopening		80,000	80,000	-
ESSER - education stabilization fund	22,651	12,416	22,427	10,011
ESSER II		86,362	13,638	(72,724)
ESF: 10% discretionary			2,349	2,349
CRF: K-12 at-risk pupils		7,191	7,190	(1)
REAP	7,000	11,075	11,074	(1)
Services within the BOCES	32,520	32,520	33,368	848
<b>Total federal sources</b>	<b>237,397</b>	<b>416,398</b>	<b>354,204</b>	<b>(62,194)</b>
<b>Total revenues</b>	<b>\$ 1,854,248</b>	<b>\$ 2,237,256</b>	<b>\$ 2,270,120</b>	<b>\$ 32,864</b>

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**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 471,929	\$ 529,113	\$ 537,730	\$ (8,617)
Employee benefits	179,803	192,414	194,627	(2,213)
Purchased services	36,076	34,986	29,442	5,544
Supplies and materials	28,926	33,347	36,082	(2,735)
Property	100	100		100
Other	19,765	21,877	18,120	3,757
<b>Total instruction</b>	<b>736,599</b>	<b>811,837</b>	<b>816,001</b>	<b>(4,164)</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	4,900	4,900	14,512	(9,612)
Employee benefits	1,164	1,164	5,504	(4,340)
Purchased services	44,779	82,319	65,657	16,662
Supplies and materials	7,300	47,091	27,785	19,306
<b>Total students</b>	<b>58,143</b>	<b>135,474</b>	<b>113,458</b>	<b>22,016</b>
<b>Instructional staff</b>				
Salaries		1,000	1,500	(500)
Employee benefits		226	290	(64)
Purchased services	4,250	2,400	3,763	(1,363)
Supplies and materials	1,700	7,400	7,034	366
Property	7,900	84,017	85,262	(1,245)
<b>Total instructional staff</b>	<b>13,850</b>	<b>95,043</b>	<b>97,849</b>	<b>(2,806)</b>
<b>General administration</b>				
Salaries	83,500	83,500	84,400	(900)
Employee benefits	26,731	26,731	25,846	885
Purchased services	20,932	19,407	24,570	(5,163)
Supplies and materials	500	500	226	274
Other	6,300	5,846	4,529	1,317
<b>Total general administration</b>	<b>137,963</b>	<b>135,984</b>	<b>139,571</b>	<b>(3,587)</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries		26,000	22,398	3,602
Employee benefits		9,816	7,614	2,202
Total school administration	-	35,816	30,012	5,804
Business services				
Salaries	53,550	62,068	60,318	1,750
Employee benefits	25,918	27,292	19,323	7,969
Purchased services	20,566	22,566	23,491	(925)
Supplies and materials	9,000	9,123	10,251	(1,128)
Other	2,000	1,000	2,104	(1,104)
Total business services	111,034	122,049	115,487	6,562
Operations and maintenance				
Salaries	88,817	88,492	101,056	(12,564)
Employee benefits	33,944	41,344	38,356	2,988
Purchased services	50,100	69,589	78,073	(8,484)
Supplies and materials	143,500	146,318	153,860	(7,542)
Property	5,000	12,215	97,027	(84,812)
Other			2	(2)
Total operations and maintenance	321,361	357,958	468,374	(110,416)
Student transportation				
Salaries	46,675	53,088	51,828	1,260
Employee benefits	15,535	14,523	15,222	(699)
Purchased services	16,450	27,750	14,626	13,124
Supplies and materials	40,400	31,200	24,442	6,758
Property	2,500	58,671	58,671	-
Total student transportation	121,560	185,232	164,789	20,443

(continued)

**WOODLIN SCHOOL DISTRICT R-104**  
**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	<u>120,224</u>	<u>132,005</u>	<u>128,025</u>	<u>3,980</u>
Total central support services	<u>120,224</u>	<u>132,005</u>	<u>128,025</u>	<u>3,980</u>
Total supporting services	884,135	1,199,561	1,257,565	(58,004)
Appropriated reserves	<u>1,383,469</u>	<u>1,620,568</u>		<u>1,620,568</u>
Total expenditures	<u>\$ 3,004,203</u>	<u>\$ 3,631,966</u>	<u>\$ 2,073,566</u>	<u>\$ 1,558,400</u>

**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  
Woodlin School District R-104  
Woodrow, Colorado

We have audited the financial statements of the Woodlin School District R-104 (the District) as of and for the year ended June 30, 2021, and our report thereon dated October 21, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Sterling, Colorado  
October 21, 2021



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 3070 - Woodlin R-104  
 Fiscal Year 2020-21  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,426,236	2,210,457	2,073,566	1,563,127
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>1,426,236</b>	<b>2,210,457</b>	<b>2,073,566</b>	<b>1,563,127</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
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	28,971	117,563	111,959	34,575
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	54,897	48,264	43,301	59,861
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>1,510,104</b>	<b>2,376,284</b>	<b>2,228,825</b>	<b>1,687,563</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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