Bennett School District Number 29-J
Bennett, Colorado

Financial Statements

For the Year Ended June 30, 2022

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Independent Auditors' Report

Board of Education
Bennett School District Number 29-J
Bennett, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bennett School District Number 29-J (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. And the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, 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.

Supplementary 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, auditors' integrity report and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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, auditors' integrity report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 24, 2023

Bennett School District No.29J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

As management of the Bennett School District, we offer readers of the Bennett School District's financial statements this narrative overview and analysis of the financial activities of the Bennett School District for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follows this section.

Financial Highlights

- Total net position increased 16 percent.
- General revenues, primarily property taxes and state equalization payments, account for $13,382,538 or 80 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for $3,251,210 or 20 percent of total revenues of $16,633,748.
  The District had $11,023,003 in expenses related to governmental activities; of which $3,251,210 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $16,633,748 were adequate to provide for these programs, excluding pension expense, leading to an overall increase in net position.
- The District reduced its outstanding long-term debt by $1,119,463 or 10 percent due primarily to prescribed redemptions of outstanding bond and financed purchase obligations.

Overview of the Financial Statements

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

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

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

District-wide Financial Statements

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

The statement of net position presents information on all of the Bennett School District's assets and liabilities, 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 Bennett School District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type). Included in governmental activities are most of the District's basic services such as regular and special education, transportation and administration.

The district-wide financial statements can be found following management's discussion and analysis.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds; not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Bennett School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The District's funds are divided into one category, "Governmental Funds".

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and, (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Bennett School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the bond redemption fund because they are considered major funds. Data from other governmental funds are combined into a single, aggregated presentation. Also included in the other information section is budget-to-actual information for the debt service fund, the capital reserve capital projects fund, and the food services special revenue fund as required by state law.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The District does not have any Fiduciary Funds as of June 30, 2022.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 59.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state law.

District-wide Financial Analysis

Table 1 provides a summary of the District's net position at June 30, 2022 and 2021.

	Fiscal 2022	Fiscal 2021
Current and other assets	$ 10,686,556	$ 10,480,091
Capital assets	20,364,046	19,682,820
Total assets	31,050,602	30,162,911
Pension deferrals	3,570,032	6,480,105
OPEB deferrals	150,027	106,975
Deferred charges on refunding	56,797	98,143
Total deferred outflows of resources	3,776,856	6,685,223
Total assets and deferred outflows of resources	$ 34,827,458	$ 36,848,134
Other liabilities	$ 1,415,770	$ 1,341,774
Long-term liabilities	21,500,069	26,390,284
Total liabilities	22,915,839	27,732,058
Pension deferrals	4,802,184	7,961,337
OPEB deferrals	208,417	227,544
Total deferred inflows of resources	5,010,601	8,188,881
Net investment in capital assets	10,937,434	9,099,981
Restricted net position	2,986,097	3,631,369
Unrestricted net position	(7,022,513)	(11,804,155)
Total net position	6,901,018	927,195
Total liabilities, deferred inflows of resources and net position	$ 34,827,458	$ 36,848,134

Table 2 provides a summary of the changes in net position for fiscal years 2022 and 2021. Following table 2 is a specific discussion related to overall revenues and expenditures.

	Fiscal 2022	Fiscal 2021
Revenues		
Charges for services	$ 34,246	$ 75,288
Operating grants and contributions	3,216,964	2,164,194
Capital grants and contributions	-	-
Total program revenues	3,251,210	2,239,482
Property taxes	5,607,733	6,220,525
Specific ownership taxes	404,244	446,036
Delinquent taxes and interest	8,420	4,789
Abatements	(10,753)	-
State equalization	5,200,610	3,170,231
Earnings on investments	6,268	4,431
Other	2,166,016	324,739
Total general revenues	13,382,538	10,170,751
Total revenues	16,633,748	12,410,233
Expenses		
Instruction	5,610,053	3,879,786
Students	300,736	288,874
Instructional staff	448,570	217,983
General administration	422,923	358,494
School administration	403,329	337,488
Business services	305,070	337,087
Operations and maintenance	863,274	1,310,871
Student transportation	573,732	603,834
Central support services	370,733	474,902
Food service operations	438,581	297,714
Community services	3,154	-
Facilities acquisition	312,711	-
Unallocated depreciation	573,550	-
Interest and fiscal charges	396,587	441,909
Total expenses	11,023,003	8,548,942
Change in net position	$ 5,610,745	$ 3,861,291

Property taxes and per pupil state formula revenue (state equalization) account for most of the District's revenue, contributing about 34 cents and 31 cents respectively for every dollar raised. Another 19 cents came from operating grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District expenses are predominately related to instruction and support services, which includes support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Bennett School District is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the districts received $9,274 per funded student. In fiscal year 2021-2022, the funded pupil count was 1,221.0. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization while the remaining amounts come from property taxes, specific ownership taxes and state equalization. The district receives approximately 46 percent of this funding from state equalization while the remaining amounts come from property taxes, specific ownership tax and other revenues.

The statement of activities provides the cost of program services and related charges for services and grants offsetting those costs. Table 3 reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these programs.

	Total Cost	Net Cost
Instruction	$ 5,610,053	$ 3,487,347
Students	300,736	300,736
Instructional staff	448,570	147,700
General administration	422,923	422,923
School administration	403,329	403,329
Business services	305,070	305,070
Operations and maintenance	863,274	718,373
Student transportation	573,732	450,572
Central support services	370,733	323,172
Food service operations	438,581	(73,431)
Community services	3,154	3,154
Facilities acquisition	312,711	312,711
Unallocated depreciation	573,550	573,550
Interest and fiscal charges	396,587	396,587
Totals	$ 11,023,003	$ 7,771,793

- The cost of all governmental activities this year was $11.0 million.
- Some of the cost was financed by the users of the District's programs ($0.034 million). Revenues in this category include items such as athletic fees.
- Federal and State government subsidized certain programs with grants and contributions amounting to $3.217 million.
- Most of the District's costs ($11.0 million), however, were financed by District and State taxpayers.
- This portion of governmental activities was financed with $5.608 million in property taxes and 5.201 million in state aid (equalization) based on the statewide formula for per pupil funding.

Financial Analysis of the District's Funds

Information about the District's funds starts on page 62. These funds are accounted for using a modified accrual basis of accounting. All governmental funds have total revenues $17,057,318, and expenditures of $16,816,874, with a net change in fund balance of $240,444.

General Fund Budgetary Highlights

The District approves a budget in June based on enrollment projections for the following school year. In January, 2022, the District revised the annual operating budget approved by the District's Board of Education in June 2021. The primary reason for the issuance of a supplemental budget was an updated ending fund balance figure.

The actual general fund expenditures were $3,781,496 under budget, primarily because of appropriated reserves not being fully utilized.

The fund balance as of June 30, 2022 (actual basis) was $6,003,264 compared to $5,033,688 as of June 30, 2021.

Capital Assets

By the end of the fiscal year 2022, the District had invested $33.9 million in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment.

	Fiscal 2022	Fiscal 2021
Land	$ 1,248,637	$ 118,000
Construction in progress	-	26,624
Land improvements	1,894,504	1,894,504
Buildings and improvements	27,977,103	27,661,068
Vehicles and equipment	2,653,720	2,625,914
Food service equipment	115,135	115,135
Totals	$ 33,889,099	$ 32,441,245

Long-Term Debt

At year-end, the District had approximately $2,410,000 in general obligation bonds, a reduction of 24 percent from last year. More detail information about the District's long-term liabilities is presented on pages 35 through 37 in the notes to the financial statements.

	Fiscal 2022	Fiscal 2021
Compensated absences	$ 299,239	$ 229,169
Financed purchases	7,053,377	7,417,839
Bonds payable	2,410,000	3,165,000
Bond premium	20,032	34,615
Totals	$ 9,782,648	$10,846,623

During the 2022 fiscal year, the District continued to pay down its debt. Colorado Revised Statue 22-42-104 states that a school district shall have a limit of bonded indebtedness determined by a specific formula. The District's outstanding debt is below the statutory limit.

Factors Bearing on the District's Future

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

- Information from the 2022-2023 student enrollment "October Count" shows that Bennett School District has an increasing student count in 2021-2022, resulting in stabilized revenue growth in the funded pupil count.
- Based on historical trends, and an analysis of our current population, student enrollment for fall 2022 will likely show increased enrollment from 2021.
- The United States and the State of Colorado have experienced stable economic conditions in the past couple years. We are anticipating growth and a stable economic condition for the next couple of years.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer's Office, Bennett School District 29J, 615 7th St, Bennett, CO., 80102.

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Basic Financial Statements

The basic financial statements of the District include the following:

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

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

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash	$ 6,807,077
Cash with fiscal agent	148,593
Investments	3,307,590
Receivables	412,806
Inventory	10,490
Capital assets, net of depreciation	20,364,046
Total assets	31,050,602
Deferred outflows of resources	
Pension deferrals	3,570,032
Other post-employment benefit deferrals	150,027
Deferred charges on refundings of bonds	56,797
Total deferred outflows of resources	3,776,856
Total assets and deferred outflows of resources	$ 34,827,458

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

	Governmental Activities
Liabilities	
Accounts payable	$ 201,704
Due to other governments	2,003
Accrued salaries and benefits	981,768
Unearned grant revenue	92,691
Accrued interest	137,604
Noncurrent liabilities	
Due within one year	1,161,534
Due in more than one year	8,621,114
Net pension liability	11,176,690
Net OPEB liability	540,731
Total liabilities	22,915,839
Deferred inflows of resources	
Pension deferrals	4,802,184
Other post-employment benefit deferrals	208,417
Total deferred inflows of resources	5,010,601
Net position	
Net investment in capital assets	10,937,434
Restricted for:	
Emergencies	440,000
Preschool program	23,623
Debt service	2,394,659
Food service	127,815
Unrestricted (deficit)	(7,022,513)
Total net position	6,901,018
Total liabilities, deferred inflows of resources and net position	$ 34,827,458

BENNETT SCHOOL DISTRICT NUMBER 29-J
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	$ 5,610,053	$ 34,246	$ 2,088,460	
Supporting services				
Students	300,736			
Instructional staff	448,570		300,870	
General administration	422,923			
School administration	403,329			
Business services	305,070			
Operations and maintenance	863,274		144,901	
Student transportation	573,732		123,160	
Central support services	370,733		47,561	
Food service operations	438,581		512,012	
Community services	3,154			
Facilities acquisition	312,711			
Unallocated depreciation *	573,550			
Interest and fiscal charges	396,587			
Total governmental activities	$ 11,023,003	$ 34,246	$ 3,216,964	$ -

General revenues
Taxes
Property taxes, levied for general purposes
Specific ownership taxes
Delinquent taxes and interest
Abatements
State categorical aid
Earnings on investments
Other

Total general revenues

Change in net position

Net position at beginning of year, as originally reported

Prior period adjustment

Net position at beginning of year, as restated

Net position at end of year

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

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

Net (Expenses) Revenues and Changes in Net Position
Total Governmental Activities
$ (3,487,347)
(300,736)
(147,700)
(422,923)
(403,329)
(305,070)
(718,373)
(450,572)
(323,172)
73,431
(3,154)
(312,711)
(573,550)
(396,587)
(7,771,793)
5,607,733
404,244
8,420
(10,753)
5,200,610
6,268
2,166,016
13,382,538
5,610,745
927,195
363,078
1,290,273
$ 6,901,018

BENNETT SCHOOL DISTRICT NUMBER 29-J
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 3,410,723	$ 2,396,662	$ 999,692	$ 6,807,077
Cash with fiscal agent	148,593			148,593
Investments	3,307,590			3,307,590
Property taxes receivable	137,986			137,986
Due from other funds	2,274		42,036	44,310
Grants receivable	205,015		59,931	264,946
Other receivables	9,874			9,874
Inventory			10,490	10,490
Total assets	$ 7,222,055	$ 2,396,662	$ 1,112,149	$ 10,730,866
Liabilities				
Accounts payable	$ 196,964		$ 4,740	$ 201,704
Due to other governments		$ 2,003		2,003
Due to other funds	42,036		2,274	44,310
Accrued salaries and benefits	924,642		57,126	981,768
Unearned grant revenue			92,691	92,691
Total liabilities	1,163,642	2,003	156,831	1,322,476
Deferred inflows of resources				
Deferred property tax revenues	55,149			55,149
Fund balance				
Nonspendable inventory			10,490	10,490
Restricted for emergencies	440,000			440,000
Restricted for preschool program	23,623			23,623
Restricted for debt service		2,394,659		2,394,659
Restricted to food service			127,815	127,815
Assigned to pupil activities			178,945	178,945
Committed to capital projects			638,068	638,068
Unassigned	5,539,641			5,539,641
Total fund balance	6,003,264	2,394,659	955,318	9,353,241
Total liabilities, deferred inflows of resources and fund balance	$ 7,222,055	$ 2,396,662	$ 1,112,149	$ 10,730,866

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	$ 9,353,241
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	20,364,046
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.	55,149
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(137,604)
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	3,776,856
Long-term liabilities, including bonds payable, net pension and OPEB liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(21,500,069)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	(5,010,601)
Net position of the governmental activities	$ 6,901,018

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 8,035,431	$ (1,771)	$ 299,798	$ 8,333,458
State sources	6,143,214		169,038	6,312,252
Federal sources	1,778,868		632,740	2,411,608
Total revenues	15,957,513	(1,771)	1,101,576	17,057,318
Expenditures				
Instruction	7,668,526		518,809	8,187,335
Supporting services	4,888,774		445,610	5,334,384
Capital outlay	1,130,637		665,923	1,796,560
Debt service				
Principal retirement		755,000	364,463	1,119,463
Interest and fiscal charges		90,105	289,027	379,132
Total expenditures	13,687,937	845,105	2,283,832	16,816,874
Excess of revenues over (under) expenditures	2,269,576	(846,876)	(1,182,256)	240,444
Other financing sources (uses)				
Transfers in			1,300,000	1,300,000
Transfers out	(1,300,000)			(1,300,000)
Total other financing sources (uses)	(1,300,000)	-	1,300,000	-
Net change in fund balances	969,576	(846,876)	117,744	240,444
Fund balance at beginning of year	5,033,688	3,241,535	837,574	9,112,797
Fund balance at end of year	$ 6,003,264	$ 2,394,659	$ 955,318	$ 9,353,241

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
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, 2022

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental fund	$ 240,444
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	703,794
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(117,284)
In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences, interest, and amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	3,686,794
Capital assets disposed of during the year are not reported in the governmental funds. However, for governmental activities, the net book value of these assets reduces net position in the statement of activities.	(22,466)
Repayment of principal on general obligation bonds and financed purchases are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	1,119,463
Change in net position of governmental activities	$ 5,610,745

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

Note A – Summary of significant accounting policies

This summary of the Bennett School District Number 29-J'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 Bennett School District Number 29-J 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.

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:

Note A – Summary of significant accounting policies (Continued)

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

Expenditures include all costs associated with the daily operation of the schools, except for certain programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations and pupil activities.

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

The following are the District's nonmajor governmental funds:

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

Governmental Designated Purpose Grants Fund – This fund is a special revenue fund used to maintain a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

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

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

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.

Note A – Summary of significant accounting policies (Continued)

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and 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 and enterprise 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 and current liabilities, 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.

Note A – Summary of significant accounting policies (Continued)

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

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

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

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.

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

Note A – Summary of significant accounting policies (Continued)

In addition to liabilities, the statement of net 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.

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 costs, 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 – 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 nonoperating 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.

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.

Interest is capitalized on assets reported in the governmental activities that are acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized in the current period.

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:

Description	Governmental Activities
Land and improvements	0-20 years
Buildings and improvements	7-50 years
Furniture and equipment	7-20 years
Licensed vehicles	7-12 years

A.9 – Compensated absences

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

Note A – Summary of significant accounting policies (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid.

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

A.10 – Accrued liabilities and long-term obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. 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. Bond premiums and discounts, and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

A.11 – Fund balance

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

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

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

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

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

A.12 – Net Position

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

Note A – Summary of significant accounting policies (Continued)

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.

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of $7,409,445, of which $500,000 was insured and $6,909,445 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Note B – Cash and investments (Continued)

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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 pool, which operates as an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of $1.00. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. A designated custodial bank serves as custodian for the pool portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for the pool investment portfolio and provides services as the depository in connection with direct investments and withdrawals.

The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

The investment in ColoTrust is maintained in the General Fund.

Note B – Cash and investments (Continued)

Custodial credit risk – investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At year-end, none of the District's investments are subject to custodial credit risk.

Interest rate risk – As a means of limiting exposure to fair value losses from interest rates, Colorado Revised Statutes limit maturities to five years or less, unless the Board of Directors authorizes longer maturities.

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's investment policy follows state law. At year-end, the District's investment in ColoTrust was rated AAA by Standard and Poor's.

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
ColoTrust Plus+	$ 3,307,590	$ 3,307,590	$ -	$ -

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities
Property taxes receivable	$ 137,986
Grants receivable	264,946
Other receivables	9,874
Total	$ 412,806

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

Note D – Interfund transactions

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

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	$ 2,274	$ 42,036
Other Governmental Funds	42,036	2,274
Total	$ 44,310	$ 44,310

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

	Transfers In	Transfers Out
Governmental Funds		
General Fund	$ -	$ 1,300,000
Other Governmental Funds	1,300,000	-
Total	$ 1,300,000	$ 1,300,000

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 $1,300,000 from the General Fund to the Other governmental funds to set aside funds for capital acquisitions.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Adjustments	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 118,000	$ 1,130,637	$ -	$ 1,248,637
Construction in progress	26,624	-	(26,624)	-
Total capital assets, not being depreciated	144,624	1,130,637	(26,624)	1,248,637
Capital assets, being depreciated:				
Land improvements	1,894,504	-	-	1,894,504
Buildings and improvements	27,661,068	289,411	26,624	27,977,103
Vehicles and equipment	2,625,914	63,801	(35,995)	2,653,720
Food service equipment	115,135	-	-	115,135
Total capital assets, being depreciated	32,296,621	353,212	(9,371)	32,640,462
Total capital assets	32,441,245	1,483,849	(35,995)	33,889,099
Less accumulated depreciation for:				
Land improvements	(957,987)	(62,910)	-	(1,020,897)
Buildings and improvements	(9,948,117)	(573,550)	-	(10,521,667)
Vehicles and equipment	(1,754,597)	(140,820)	13,529	(1,881,888)
Food service equipment	(97,826)	(2,775)	-	(100,601)
Total accumulated depreciation	(12,758,527)	(780,055)	13,529	(13,525,053)
Governmental activities capital assets, net	$ 19,682,718	$ 703,794	$ (22,466)	$ 20,364,046

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

Governmental activities	
Instruction	$ 64,072
Operations and maintenance	21,586
Student transportation	111,192
Central support	6,880
Food services	2,775
Unallocated	573,550
Total depreciation expense	$ 780,055

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 $981,768. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	Beginning Balances	Additions/ Adjustments	Reductions/ Adjustments	Ending Balances	Due within one year
Governmental activities					
Compensated absences	$ 229,169	$ 70,070	$ -	$ 299,239	$ -
Financed purchases	7,417,839	-	(364,462)	7,053,377	381,534
Bonds payable	3,165,000	-	(755,000)	2,410,000	780,000
Bond premium	34,615	-	(14,583)	20,032	-
Total	$ 10,846,623	$ 70,070	$ (1,134,045)	$ 9,782,648	$ 1,161,534

Payments on the financed purchases are made in the Other Governmental Funds while payments on the bonds payable are made in the Bond Redemption Fund. The compensated absences attributable to the governmental activities will be liquated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Financed Purchases

Energy efficiency – In September 2012, the District entered into an agreement with Capital One Public Funding, LLC to provide funding for energy savings improvements at various schools throughout the District. The agreement called for a fifteen-year term with annual renewal options. Quarterly payments ranging from $23,069 to $36,426 are due on the 1st of each quarter, with a final payment due in August 2027. The average interest rate over the term is 3.179%.

Note G – Long-term debt (Continued)

The agreement contains a provision that, in the event of default, the lessor may (a) by written notice to the lessee, declare all rental payments and other amounts payable to the end of the then current original term or renewal term to be due; (b) with or without terminating the lease, take possession of the property, sell the District's interest in the base lease, or lease the property and collect rental payments therefor for all or any portion of the remainder of its leasehold term with the District remaining liable for the difference between the rental payments, additional rental payments and other amounts payable; or (c) take whatever action at law or in equity may appear necessary or desirable to collect the rental payments then due and thereafter to become due during the then current original term.

Facility renovation – In June 2018, the District entered into an agreement with Capital One Public Funding, LLC to provide funding acquiring, constructing, equipping and installing a structure for use as school classrooms and including a cafeteria area, office and conference rooms. The agreement called for a twenty-year term with annual renewal options. Annual payments of $525,657 are due on the 1st of each year, with a final payment due in January 2039. The average interest rate over the term is 3.987%.

The agreement contains a provision that, in the event of default, the lessor may (a) by written notice to the lessee, declare all rental payments and other amounts payable to the end of the then current original term or renewal term to be due; (b) with or without terminating the lease, take possession of the property, sell the District's interest in the base lease, or lease the property and collect rental payments therefor for all or any portion of the remainder of its leasehold term with the District remaining liable for the difference between the rental payments, additional rental payments and other amounts payable; or (c) take whatever action at law or in equity may appear necessary or desirable to collect the rental payments then due and thereafter to become due during the then current original term.

Bonds payable

General obligation bonds payable consist of the following individual issues:

$7,020,000 general obligation refunding bonds, dated December 6, 2011; annual interest rate ranging from 2.00% to 3.50%, payable semi-annually on December 1st and June 1st.	$ 2,410,000

Note G – Long-term debt (Continued)

The following schedule represents the District's debt service requirements to maturity for the outstanding long-term debt at year-end:

	Financed Purchases		Bonds Payable	
Year Ending December 31,	Principal	Interest	Principal	Interest
2023	$ 381,535	$ 274,643	$ 780,000	$ 66,750
2024	399,336	260,246	800,000	42,050
2025	417,897	245,193	830,000	14,525
2026	437,248	229,455	-	-
2027	457,420	213,003	-	-
2028-2032	1,803,402	847,952	-	-
2033-2037	2,164,915	463,370		
2038-2039	991,624	59,690	-	-
Totals	$ 7,053,377	$ 2,593,552	$ 2,410,000	$ 123,325

Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, $2,425,000 of bonds outstanding are considered defeased.

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

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

Note H – Defined benefit pension plan (Continued)

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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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% 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% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

<u>Note H – Defined benefit pension plan</u> (Continued)

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. 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 the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. Section 24-51-413.

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

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

Contributions provisions as of June 30, 2022. 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

Note H – Defined benefit pension plan (Continued)

	July 1, 2021 Through June 30, 2022
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)	(1.02)%
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	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $1,292,471 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. Section 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution 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. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

Note H – Defined benefit pension plan (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year end, the District reported a liability of $11,176,690 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 11,176,690
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,281,265
Total	$ 12,457,955

At December 31, 2021, the District's proportion was 0.0960%, which was a decrease of 0.0032% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $(2,584,851) and revenue of $136,791 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:

Note H – Defined benefit pension plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 422,278	$ -
Changes of assumptions or other inputs	881,406	-
Net difference between projected and actual earnings on pension plan investments	-	4,120,554
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,590,572	681,630
Contributions subsequent to the measurement date	675,776	-
Total	$ 3,570,032	$ 4,802,184

$675,776 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:

Year Ended June 30,	Amount
2023	$ 364,814
2024	(684,932)
2025	(1,077,765)
2026	(510,045)
Totals	$ (1,907,928)

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Note H – Defined benefit pension plan (Continued)

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)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

Note H – Defined benefit pension plan (Continued)

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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

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

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%.

Note H – Defined benefit pension plan (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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%.

- 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- 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.

Note H – Defined benefit pension plan (Continued)

- 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.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

- 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% 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%. 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 16,451,174	$ 11,176,690	$ 6,775,330

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

Payables to the pension plan

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

Note I – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. 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 $29,811 for the Voluntary Investment Program.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

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

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 service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% 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% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $66,314 for the year ended June 30, 2022.

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

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 $540,731 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.0627%, which was an increase of 0.0053% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of $5,441. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 729	$ 116,077
Changes of assumptions or other inputs	10,974	26,835
Net difference between projected and actual earnings on OPEB plan investments	-	31,535
Changes in proportion and differences between contributions recognized and proportionate share of contributions	103,651	33,970
Contributions subsequent to the measurement date	34,673	-
Total	$ 150,027	$ 208,417

$34,673 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:

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

Year Ended June 30,	Amount
2023	$ (25,618)
2024	(32,203)
2025	(37,755)
2026	(5,284)
2027	6,542
2028	1,255
Total	$ (93,063)

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

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 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	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, 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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the tie of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Note J – 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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is $471 (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, 2020, 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:

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TO for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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.

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

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

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

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

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

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

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

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

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

- 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 2021 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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

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.

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

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

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%.

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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 525,203	$ 540,731	$ 558,719

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

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. 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, 2021, 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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%. There was no change in the discount rate from the prior measurement date.

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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 628,002	$ 540,731	$ 466,186

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

Payables to the OPEB plan

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

Note K – Risk management

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 $164,479. 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.

Note L – Commitments and contingencies

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

Note L – Commitments and contingencies (Continued)

"spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, 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 $440,000 for the emergency reserve.

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.

Note M – Joint venture

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

Note M – Joint venture (Continued)

This is a jointly governed organization with twelve other school districts with the District being represented by one member on the governing board of the cooperative. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the BOCES are available by contacting their administrative office in Longmont, Colorado.

For the year, the District's financial contribution to the BOCES was $559,608.

Note N – Subsequent events

On December 1, 2022, the District issued payment in the amount of $2,449,225 to retire its outstanding bonded indebtedness, utilizing $2,405,467 from the Bond Redemption Fund and the remaining $43,758 from the General Fund.

Note O – Prior period adjustment

The District corrected errors in reporting deferred outflows of resources and deferred inflows of resources related to pension benefits in its governmental activities beginning net position in the amount of $363,078.

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Required Supplementary Information

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

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources	$ 6,855,000	$ 7,000,000	$ 8,035,431	$ 1,035,431
Intermediate sources	350,000	500,000		(500,000)
State sources	4,500,000	5,500,000	6,143,214	643,214
Federal sources	400,000	400,000	1,778,868	1,378,868
Total revenues	12,105,000	13,400,000	15,957,513	2,557,513
Expenditures				
Instruction	5,513,042	6,248,042	7,668,526	(1,420,484)
Supporting services	5,746,526	6,193,910	4,888,774	1,305,136
Capital outlay			1,130,637	(1,130,637)
Reserve for contingency	4,427,481	5,027,481		5,027,481
Total expenditures	15,687,049	17,469,433	13,687,937	3,781,496
Excess of revenues over (under) expenditures	(3,582,049)	(4,069,433)	2,269,576	6,339,009
Other financing uses				
Transfers out	(920,000)	(920,000)	(1,300,000)	(380,000)
Total other financing uses	(920,000)	(920,000)	(1,300,000)	(380,000)
Net change in fund balance	$ (4,502,049)	$ (4,989,433)	969,576	$ 5,959,009
Fund balance at beginning of year			5,033,688	
Fund balance at end of year			$ 6,003,264	

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BENNETT SCHOOL DISTRICT NUMBER 29-J
Schedule of the District's Proportionate Share of the Net Pension Liability [1]
PERA's School Division Trust Fund
June 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net pension liability	0.0960%	0.0992%	0.0830%	0.0911%
District's proportionate share of the net pension liability	$ 11,176,690	$ 14,998,515	$ 12,392,727	$ 16,128,516
State's proportionate share of the net pension liability	1,281,265	-	1,571,860	2,205,351
Total	$ 12,457,955	$ 14,998,515	$ 13,964,587	$ 18,333,867
District's covered payroll	$ 6,002,271	$ 5,501,873	$ 5,254,541	$ 4,918,719
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.21%	272.61%	235.85%	327.90%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%

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

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

June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.0975%	0.0957%	0.0930%	0.0915%	0.0968%
$ 31,535,348	$ 28,490,464	$ 14,217,135	$ 12,400,918	$ 12,349,740
-	-	-	-	-
$ 31,535,348	$ 28,490,464	$ 14,217,135	$ 12,400,918	$ 12,349,740
$ 4,534,425	$ 4,372,756	$ 4,426,311	$ 3,901,954	$ 3,833,043
695.47%	651.54%	321.20%	317.81%	322.19%
43.96%	43.10%	59.20%	62.84%	64.06%

BENNETT SCHOOL DISTRICT NUMBER 29-J
Schedule of District Contributions [1]
PERA's School Division Trust Fund
June 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually required contribution	$ 1,292,471	$ 1,093,775	$ 1,018,332	$ 940,952
Contributions in relation to the contractually required contribution	(1,292,471)	(1,093,775)	(1,018,332)	(940,952)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,501,351	$ 5,501,873	$ 5,254,541	$ 4,918,719
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%

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

June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
$ 868,493	$ 803,912	$ 784,597	$ 658,806	$ 615,839
(868,493)	(803,912)	(784,597)	(658,806)	(615,839)
$ -	$ -	$ -	$ -	$ -
$ 4,534,425	$ 4,372,756	$ 4,426,311	$ 3,901,954	$ 3,833,043
19.15%	18.38%	17.73%	16.88%	16.07%

BENNETT SCHOOL DISTRICT NUMBER 29-J
Schedule of the District's Proportionate Share of the Net OPEB Liability [1]
PERA's Health Care Trust Fund
June 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net OPEB liability	0.0627%	0.0574%	0.0542%	0.0592%
District's proportionate share of the net OPEB liability	$ 540,731	$ 545,146	$ 609,055	$ 805,521
District's covered payroll	$ 6,002,271	$ 5,501,873	$ 5,254,541	$ 4,918,719
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	9.91%	11.59%	16.38%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%

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

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

June 30, 2018	June 30, 2017
0.0554%	0.0542%
$ 720,134	$ 702,341
$ 4,534,425	$ 4,372,756
15.88%	16.06%
17.53%	16.72%

BENNETT SCHOOL DISTRICT NUMBER 29-J
Schedule of District Contributions [1]
PERA's Health Care Trust Fund
June 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually required contribution	$ 66,314	$ 56,119	$ 53,596	$ 50,171
Contributions in relation to the contractually required contribution	(66,314)	(56,119)	(53,596)	(50,171)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,501,351	$ 5,501,873	$ 5,254,541	$ 4,918,719
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

June 30, 2018	June 30, 2017
$ 46,251	$ 44,602
(46,251)	(44,602)
$ -	$ -
$ 4,534,425	$ 4,372,756
1.02%	1.02%

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. 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.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. 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
7. Appropriations lapse at year-end.

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

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

Other Supplementary Information

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

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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.

BENNETT SCHOOL DISTRICT NUMBER 29-J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Property taxes			$ 5,725,017	$ 5,725,017
Specific ownership taxes			404,244	404,244
Delinquent taxes and interest			8,351	8,351
Abatements			(8,681)	(8,681)
Tuition			27,271	27,271
Earnings on investments			5,882	5,882
Other local revenue			1,873,347	1,873,347
Total local sources	$ 6,855,000	$ 7,000,000	8,035,431	8,035,431
Intermediate sources	350,000	500,000		(500,000)
State sources				
Equalization			5,200,610	5,200,610
Vocational education			40,000	40,000
English language proficiency			35,490	35,490
Transportation			123,160	123,160
Small rural schools funding			199,603	199,603
At risk funding			4,773	4,773
Mitigation at-risk funding			70,086	70,086
On-behalf payment			136,791	136,791
Services within the BOCES			332,701	332,701
Total state sources	4,500,000	5,500,000	6,143,214	6,143,214
Federal sources				
ESSER III			377,128	377,128
ESSER II - Distribution 90%			27,559	27,559
ESSER fund			1,328,675	1,328,675
State library program			6,465	6,465
Services provided other units			39,041	39,041
Total federal sources	400,000	400,000	1,778,868	1,778,868
Total revenues	$ 12,105,000	$ 13,400,000	$ 15,957,513	$ 15,457,513

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BENNETT SCHOOL DISTRICT NUMBER 29-J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures				
Instruction				
Salaries	$ 4,099,412	$ 4,699,412	$ 4,185,260	$ 514,152
Employee benefits	927,045	1,062,045	1,440,885	(378,840)
Purchased services	345,302	345,302	1,792,901	(1,447,599)
Supplies and materials	133,370	133,370	212,250	(78,880)
Property	1,925	1,925	32,939	(31,014)
Other	5,988	5,988	4,291	1,697
Total instruction	5,513,042	6,248,042	7,668,526	(1,420,484)
Supporting services				
Students				
Salaries	184,587	184,587	148,974	35,613
Employee benefits	43,145	43,145	52,675	(9,530)
Purchased services	1,073,247	1,073,247	195,699	877,548
Supplies and materials	4,500	4,500	1,710	2,790
Total students	1,305,479	1,305,479	399,058	906,421
Instructional staff				
Salaries	145,812	145,812	14,617	131,195
Employee benefits	24,157	24,157	20,324	3,833
Purchased services	31,964	31,964	325,200	(293,236)
Supplies and materials	28,644	28,644	56,367	(27,723)
Property	24,500	24,500	31,905	(7,405)
Other	3,040	3,040		3,040
Total instructional staff	258,117	258,117	448,413	(190,296)
General administration				
Salaries	182,860	282,860	287,650	(4,790)
Employee benefits	28,591	28,591	98,593	(70,002)
Purchased services	49,065	49,065	152,930	(103,865)
Supplies and materials	14,600	14,600	13,862	738
Property	500	500		500
Other	713,749	713,749	59,734	654,015
Total general administration	989,365	1,089,365	612,769	476,596

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
School administration				
Salaries	440,465	440,465	588,249	(147,784)
Employee benefits	140,022	172,405	201,628	(29,223)
Purchased services	200,000	200,000		200,000
Supplies and materials	3,500	3,500		3,500
Property	26,785	26,785		26,785
Other	35,952	35,952	1,690	34,262
Total school administration	846,724	879,107	791,567	87,540
Business services				
Salaries	142,939	142,939	189,896	(46,957)
Employee benefits	38,000	38,000	111,213	(73,213)
Purchased services	13,210	13,210	107,836	(94,626)
Supplies and materials	12,500	12,500	21,454	(8,954)
Property	500	500		500
Total business services	207,149	207,149	430,399	(223,250)
Operations and maintenance				
Salaries	389,905	589,905	400,903	189,002
Employee benefits	74,581	124,581	137,396	(12,815)
Purchased services	287,548	287,549	141,648	145,901
Supplies and materials	268,917	268,917	403,733	(134,816)
Property	205,933	205,933		205,933
Total operations and maintenance	1,226,884	1,476,885	1,083,680	393,205
Student transportation				
Salaries	205,000	225,000	272,157	(47,157)
Employee benefits	45,000	60,000	93,284	(33,284)
Purchased services	173,729	173,729	108,981	64,748
Supplies and materials	119,300	119,300	167,738	(48,438)
Property	60	60		60
Other	343	343		343
Total student transportation	543,432	578,432	642,160	(63,728)

(continued)

BENNETT SCHOOL DISTRICT NUMBER 29-J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

(continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Central support services				
Salaries	109,000	129,000	172,308	(43,308)
Employee benefits	10,000	20,000	59,055	(39,055)
Purchased services	250,376	250,376	246,211	4,165
Total central support services	369,376	399,376	477,574	(78,198)
Community services				
Purchased services			3,154	(3,154)
Total supporting services	5,746,526	6,193,910	4,888,774	1,305,136
Capital outlay				
Property			1,130,637	(1,130,637)
Reserve for contingency	4,427,481	5,027,481		5,027,481
Total expenditures	$ 15,687,049	$ 17,469,433	$ 13,687,937	$ 3,781,496

Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.

- Governmental Designated Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

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

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

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Food Service Fund	Governmental Designated Purpose Grants Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund
Assets				
Cash	$ 96,603	$ 81,336	$ 178,945	$ 642,808
Due from other funds		42,036		
Grants receivable	59,931			
Inventory	10,490			
Total assets	$ 167,024	$ 123,372	$ 178,945	$ 642,808
Liabilities				
Due to other funds	$ 2,274			
Accounts payable				$ 4,740
Accrued salaries and benefits	26,445	$ 30,681		
Unearned grant revenue		92,691		
Total liabilities	28,719	123,372	$ -	4,740
Fund balance				
Nonspendable for inventory	10,490			
Restricted to food service	127,815			
Assigned to pupil activities			178,945	
Committed to capital projects				638,068
Total fund balance	138,305	-	178,945	638,068
Total liabilities and fund balance	$ 167,024	$ 123,372	$ 178,945	$ 642,808

Total
$ 999,692
42,036
59,931
10,490
$ 1,112,149
$ 2,274
4,740
57,126
92,691
156,831
10,490
127,815
178,945
638,068
955,318
$ 1,112,149

BENNETT SCHOOL DISTRICT NUMBER 29-J
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

	Food Service Fund	Governmental Designated Purpose Grants Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund
Revenues				
Local sources	$ 6,975		$ 292,669	$ 154
State sources	2,274	$ 166,764		
Federal sources	509,738	123,002		
Total revenues	518,987	289,766	292,669	154
Expenditures				
Instruction		279,962	238,847	
Supporting services	435,806	9,804		
Capital outlay				665,923
Debt service				
Principal				364,463
Interest and fiscal charges				289,027
Total expenditures	435,806	289,766	238,847	1,319,413
Excess of revenues over (under) expenditures	83,181	-	53,822	(1,319,259)
Other financing sources				
Transfers in				1,300,000
Net change in fund balances	83,181	-	53,822	(19,259)
Fund balance at beginning of year	55,124	-	125,123	657,327
Fund balance at end of year	$ 138,305	$ -	$ 178,945	$ 638,068

Total
$ 299,798
169,038
632,740
1,101,576
518,809
445,610
665,923
364,463
289,027
2,283,832
(1,182,256)
1,300,000
117,744
837,574
$ 955,318

BENNETT SCHOOL DISTRICT NUMBER 29-J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local revenues	$ 215,778	$ 215,778	$ 6,975	$ (208,803)
State sources			2,274	2,274
Federal sources	175,800	175,800	509,738	333,938
Total revenues	391,578	391,578	518,987	127,409
Expenditures				
Supporting services				
Salaries	216,090	216,090	122,495	93,595
Employee benefits	50,491	50,491	31,283	19,208
Purchased services			6,253	(6,253)
Supplies and materials	196,319	196,319	275,123	(78,804)
Property	3,000	3,000		3,000
Other	2,000	2,000	652	1,348
Appropriated reserves	28,000	28,000		28,000
Total expenditures	495,900	495,900	435,806	60,094
Excess of revenues over (under) expenditures	(104,322)	(104,322)	83,181	187,503
Other financing sources				
Transfers in	20,000	20,000		(20,000)
Net change in fund balance	$ (84,322)	$ (84,322)	83,181	$ 167,503
Fund balance at beginning of year			55,124	
Fund balance at end of year			$ 138,305	

BENNETT SCHOOL DISTRICT NUMBER 29-J
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	$ 5,000	$ 5,000	$ -	$ (5,000)
State sources				
School counselor	175,000	175,000	145,490	(29,510)
State grants to libraries			5,000	5,000
READ Act			5,128	5,128
Services within the BOCES			11,146	11,146
Total state sources	175,000	175,000	166,764	(8,236)
Federal sources				
Services within the BOCES	131,500	131,500	123,002	(8,498)
Total revenues	311,500	311,500	289,766	(21,734)
Expenditures				
Instruction				
Salaries	149,248	149,248	186,496	(37,248)
Employee benefits	11,501	11,501	71,092	(59,591)
Purchased services	16,493	16,493	12,439	4,054
Supplies and materials	134,258	134,258	9,935	124,323
Total instruction	311,500	311,500	279,962	31,538
Supporting services				
Purchased services			9,804	(9,804)
Total supporting services	-	-	9,804	(9,804)
Total expenditures	311,500	311,500	289,766	21,734
Net change in fund balance	$ -	$ -	-	$ -
Fund balance at beginning of year			-	
Fund balance at end of year			$ -	

BENNETT SCHOOL DISTRICT NUMBER 29-J
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Pupil activities	$ 400,000	$ 400,000	$ 292,669	$ (107,331)
Expenditures				
Instruction				
Purchased services	70,685	70,685	84,310	(13,625)
Supplies and materials	354,525	354,525	154,537	199,988
Appropriated reserves	134,656	134,656		134,656
Total expenditures	559,866	559,866	238,847	321,019
Net change in fund balance	$ (159,866)	$ (159,866)	53,822	$ 213,688
Fund balance at beginning of year			125,123	
Fund balance at end of year			$ 178,945	

BENNETT SCHOOL DISTRICT NUMBER 29-J
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Earnings on investments	$ -	$ -	$ 154	$ 154
Expenditures				
Capital outlay				
Purchased services	170,100	170,100	158,400	11,700
Property	958,910	958,910	487,867	471,043
Other			19,656	(19,656)
Debt service				
Principal			364,463	(364,463)
Interest and fiscal charges			289,027	(289,027)
Appropriated reserves	242,590	242,590		242,590
Total expenditures	1,371,600	1,371,600	1,319,413	52,187
Excess of revenues over (under) expenditures	(1,371,600)	(1,371,600)	(1,319,259)	(52,033)
Other financing sources				
Transfers in	900,000	900,000	1,300,000	400,000
Net change in fund balance	$ (471,600)	$ (471,600)	(19,259)	$ 452,341
Fund balance at beginning of year			657,327	
Fund balance at end of year			$ 638,068	

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Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

- <u>Bond Redemption Fund</u> – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

BENNETT SCHOOL DISTRICT NUMBER 29-J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Delinquent taxes and interest	$ 40,000	$ 40,000	$ 69	$ (39,931)
Abatements			(2,072)	(2,072)
Interest on investments			232	232
Total revenues	40,000	40,000	(1,771)	(41,771)
Expenditures				
Debt service				
Principal retirement	755,000	755,000	755,000	-
Interest and fiscal charges	115,000	115,000	90,105	24,895
Appropriated reserves	3,252,944	3,252,944		3,252,944
Total expenditures	4,122,944	4,122,944	845,105	3,277,839
Net change in fund balance	$ (4,082,944)	$ (4,082,944)	(846,876)	$ 3,236,068
Fund balance at beginning of year			3,241,535	
Fund balance at end of year			$ 2,394,659	

Single Audit Section

The Single Audit Section contains the following:

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

BENNETT SCHOOL DISTRICT NUMBER 29-J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services:			
Donated Commodities	10.555	4555	$ 24,513
Colorado Department of Education			
School Breakfast Program	10.553	5553	131,568
National School Lunch Program	10.555	5555	327,898
National School Lunch Program	10.555	6555	23,003
Special Milk Program for Children	10.556	4556	2,142
Total CFDA Number 10.555			375,414
Total Child Nutrition Cluster			509,124
Pass-through program from:			
Colorado Department of Education:			
Pandemic EBT Administrative Costs	10.649	4649	614
Total U.S. Department of Agriculture			509,738
U.S. Department of Education			
Pass-through programs from:			
Colorado Department of Education:			
COVID-19 Education Stabilization Fund	84.425U	4414	377,128
COVID-19 Education Stabilization Fund	84.425U	4420	27,559
Pass-through programs from:			
Colorado Office of the Governor			
COVID-19 Education Stabilization Fund	84.425C	6425	1,328,675
Total CFDA Number 84.425/Total U.S. Department of Education			1,733,362
National Endowment for the Humanities			
Pass-through programs from:			
Colorado Department of Education:			
Grants to States	45.310	7310	6,465
Total National Endowment for the Humanities			6,465
Total expenditures of federal awards			$ 2,249,565

See accompanying Notes to Schedule of Expenditures of Federal Awards.

BENNETT SCHOOL DISTRICT NUMBER 29-J
Notes to Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Bennett School District Number 29-J under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bennett School District Number 29-J, it is not intended to and does not present the financial position, changes in net position, or cash flows of Bennett School District Number 29-J.

Note B – Summary of Significant Accounting Policies

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

Note C – Indirect Cost Rate

Bennett School District Number 29-J has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Bennett School District Number 29-J did not pass through any federal grants to subrecipients.

Note E – Nonmonetary assistance

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Bennett School District Number 29-J received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	$ 24,513

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Certified Public Accountants
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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Bennett School District Number 29-J
Bennett, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bennett School District Number 29-J (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 24, 2023

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

Board of Education
Bennett School District Number 29-J
Bennett, Colorado

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bennett School District Number 29-J's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion in expressed.

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 24, 2023

BENNETT SCHOOL DISTRICT NUMBER 29-J
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Summary of audit results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Bennett School District Number 29-J (the District).

2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.

6. The audit did not disclose any findings relative to the major federal award programs of the District.

7. The program tested as major was:

   Education Stabilization Fund CFDA No. 84.425

8. The threshold for distinguishing Type A and B programs was $750,000.

9. The District did not qualify as a low-risk auditee.

Findings – Financial statement audit

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

Findings and Questioned Costs

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

Prior year findings

There were no findings or questioned costs reported for the year ended June 30, 2021.

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.

Colorado Department of Education

Auditors Integrity Report

District: 0050 - Bennett 29J
Fiscal Year 2021-22
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	5,007,387	14,541,583	13,569,328	5,979,642
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	26,301	115,930	118,609	23,623
Sub- Total	**5,033,688**	**14,657,513**	**13,687,937**	**6,003,264**
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	55,124	518,987	435,807	138,305
22 Govt Designated-Purpose Grants Fund	0	289,766	289,766	0
23 Pupil Activity Special Revenue Fund	125,123	292,669	238,847	178,945
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,241,535	-1,771	845,105	2,394,659
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	657,327	1,300,154	1,319,413	638,068
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**9,112,798**	**17,057,320**	**16,816,875**	**9,353,242**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	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
Totals	**0**	**0**	**0**	**0**

FINAL