

**BYERS SCHOOL DISTRICT 32-J**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2022**



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## **INTRODUCTORY SECTION**

**BYERS SCHOOL DISTRICT 32-J  
ROSTER OF SCHOOL OFFICIALS  
JUNE 30, 2022**

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BOARD OF EDUCATION

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Tom Turrell

Superintendent

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Byers School District 32-J  
Byers, Colorado

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Byers School District 32-J, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Byers School District 32-J'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Byers School District 32-J, 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 (GAAS) 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 Byers School District 32-J 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 Byers School District 32-J'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 GAAS 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 GAAS 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 Byers School District 32-J'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 Byers School District 32-J'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, the budgetary comparison schedule – general fund, the budgetary comparison schedule – grants fund, and the GASB required pension and other postemployment benefits schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

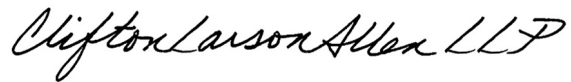
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Byers School District 32-J's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Colorado Department of Education Auditor's Integrity Report, and schedule of expenditures of federal awards (supplementary information), 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education  
Byers School District 32-J

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of the Byers School District 32-J'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 Byers School District 32-J'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 Byers School District 32-J's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Broomfield, Colorado  
December 7, 2022

**BYERS SCHOOL DISTRICT 32-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
**(UNAUDITED)**

Management of Byers School District 32-J offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. The focus of the information is on the primary government.

***Financial Highlights***

- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$5,215,776.
- The District's long-term debt decreased by \$328,839.
- The District had adequate resources available for all appropriations.
- The total liabilities and deferred inflows of resources of the Primary Government less its assets including land, buildings, and equipment and deferred outflows of resources at the close of the fiscal year June 30, 2022 was \$2,145,112 for the primary reporting entity. This represented an increase in net position of \$4,798,132. The District participates in the School Division Trust Fund, a cost-sharing multiple employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). A significant portion of the decrease in net position was the result of pension expense of (\$2,400,337).

***Overview of the Financial Statements***

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is also provided in this document. The Byers School District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

***District-Wide Financial Statements***

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position. The difference between assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**BYERS SCHOOL DISTRICT 32-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
**(UNAUDITED)**

**Fund Financial Statements**

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Byers School District, like other governments, uses fund accounting to ensure and demonstrate compliance.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds:* Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Fiduciary Funds:* The District is the agent, or *fiduciary*, for assets that belong to others. 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. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The District uses fiduciary funds to account for its endowment fund.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

**BYERS SCHOOL DISTRICT 32-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
*(UNAUDITED)*

**Financial Analysis of the District as a Whole**

The District's total net position on June 30, 2022 was \$2,145,112. Of the District's \$12,704,041 in assets, \$5,259,824 (41%) reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

Table 1 provides a summary of the District's net position for 2022 compared to 2021.

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 5,970,658	\$ 5,663,143
Capital Assets	6,733,383	5,264,133
Total Assets	<u>12,704,041</u>	<u>10,927,276</u>
Deferred Outflows of Resources	1,983,461	2,991,635
Current Liabilities	1,257,130	1,549,331
Net Pension and OPEB Obligation	7,307,030	9,549,423
Long-Term Liabilities	1,047,060	1,349,081
Total Liabilities	<u>9,611,220</u>	<u>12,447,835</u>
Deferred Inflows of Resources	<u>2,931,170</u>	<u>4,124,096</u>
Net Investment in Capital Assets	5,259,824	4,051,111
Restricted		
Food Service	162,036	127,874
Transportation	-	108,709
Multi-Year Obligation	182,528	170,000
Tabor Reserve	296,813	244,729
Unrestricted	<u>(3,756,089)</u>	<u>(7,355,443)</u>
Total Net Position	<u>\$ 2,145,112</u>	<u>\$ (2,653,020)</u>

**BYERS SCHOOL DISTRICT 32-J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022  
(UNAUDITED)**

Table 2 shows the changes in net position for fiscal year 2022 compared to 2021.

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	\$ 425,961	\$ 247,273
Operating Grants and Contributions	6,147,244	4,129,033
Capital Grants and Contributions	275,687	247,405
General Revenues:		
Property Taxes	1,935,399	1,873,998
Specific Ownership Taxes	132,703	139,239
State Equalization	40,012,873	36,925,260
Investment Income	3,697	1,162
Other	216,054	197,963
Total Revenues	<u>49,149,618</u>	<u>43,761,333</u>
<b>EXPENSES</b>		
Instruction	2,450,238	2,125,908
Support	3,296,183	2,920,392
Interest on Long-Term Debt	70,382	56,090
Charter School Funding	38,534,683	34,536,482
Total Expenses	<u>44,351,486</u>	<u>39,638,872</u>
<b>CHANGE IN NET POSITION</b>	4,798,132	4,122,461
Net Position - Beginning	<u>(2,653,020)</u>	<u>(6,775,481)</u>
<b>NET POSITION - ENDING</b>	<u>\$ 2,145,112</u>	<u>\$ (2,653,020)</u>

***Financial Analysis of the District's Funds***

**General Fund Budgetary Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

- Actual revenues in the General Fund were \$50,162 higher than anticipated.
- Total expenditures of the General Fund were \$1,362,070 over budget.
- The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2022, District's TABOR reserve amounted to \$296,813.

**BYERS SCHOOL DISTRICT 32-J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022  
(UNAUDITED)**

***Capital Assets and Debt Administration***

**Capital Assets**

The District's capital assets as of June 30, 2022 amounts to \$6,733,383.

Table 4  
Byers School District Capital Assets  
(Net of Depreciation)

	<b>2022</b>	<b>2021</b>
Land and Sites	\$ 173,215	\$ 173,215
Buildings and Improvements	6,156,216	3,828,912
Equipment and Vehicles	386,702	299,200
Construction in Progress	17,250	1,005,187
Total Capital Assets	<b>\$ 6,733,383</b>	<b>\$ 5,306,514</b>

**Long-Term Debt**

At year-end, the District's long-term debt was \$1,473,559, which was due to the BEST loan and QZAB Loan.

Table 5  
Byers School District  
Long-Term Debt  
Governmental Activities

	<b>2022</b>	<b>2021</b>
BEST Loan	\$ 967,003	\$ 1,204,167
QZAB Loan	485,261	555,850
Copier Lease	21,295	42,381
Total	<b>\$ 1,473,559</b>	<b>\$ 1,802,398</b>

***Economic Factors***

Each year Byers School District 32-J prepares a budget plan with the focus on utilizing available resources to best support educational success. The budget plan encompasses instruction at each school, transportation, food services, maintenance, administration and more.

The District follows a multi-step budgeting process which includes input and values from staff, parents and community members. The District leadership prepares a budget plan that balances priorities of the community with federal, state and local mandates. The budget plan for fiscal year 2022-2023 supports the educational commitments of student learning, professional practice, and collective responsibility.

**BYERS SCHOOL DISTRICT 32-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
**(UNAUDITED)**

Due to the economic downturn and Colorado's associated budget crisis, the School Finance Act implemented a Budget stabilization factor for program funding in fiscal year 2010-11. The impact of the budget stabilization factor for Byers 32-J School District has been substantial and has resulted in more than \$24,727,770 decreased funding over the past thirteen years.

After a number of years of reduced funding resulting in budget reductions for school districts across the state, the State of Colorado restored some funding for public education that had previously been cut. The budget stabilization factor decreased dramatically, due to the pandemic fear of lost revenue, not actually coming to fruition in Colorado; however, by the end of the fiscal year the BS factor was around \$503 million for fiscal year 2021-2022, an estimated \$2.64 million less in funding for the Byers 32-J School District.

For fiscal year 2021-2022, the statewide base per pupil funding was increased for inflation by 5.8%. The statewide average per pupil base funding for fiscal year 2021-2022 is \$7,225; the Byers 32-J School District per pupil revenue is \$11,872. The increase in state funding enabled investments for programs and services with high priority needs, and an increase in Cost of Living (COLA) of 5.86%

Effective for fiscal year 2020-21, this was the first budget year that provided additional federal stimulus dollars through the CARES Act – Coronavirus Relief Fund (CRF) and Elementary and Secondary School Relief (ESSER) Funds. The District utilized these funds to provide staff training on distance learning platforms, additional sanitation, air purifiers, cleaning staff and tools (hot spots, chrome books and software platforms) for students to be successful in the event of a long-term closure.

Planned budgetary expenditure increases for fiscal year 2021-2022 consist of compensation increases of 3.0% to all District staff, 9.3% increases in health insurance, 5% increase in property insurance and 0.50% increase required contributions to the state's retirement plan.

Priorities for the upcoming school years include, but not limited to: improvements to outdoor fields, replacement of outdated HVAC units across the District, reintroduction of secondary music program, increasing salaries for certified staff, increasing salaries of classified staff, providing additional mental health supports for our students, families and staff, provide a safe and healthy learning environment, and the updating the playground structures across the District.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the Byers School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Superintendent of Schools  
Byers School District  
444 E. Front Street  
Byers, Colorado 80103

**BYERS SCHOOL DISTRICT 32-J**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Component Unit Charter Schools</b>
<b>ASSETS</b>		
Cash and Investments	\$ 5,819,204	\$ 4,711,531
Accounts Receivable	73,021	34,899
Property Taxes Receivable	69,337	-
Prepaid Items	-	325
Deposits	-	9,661
Inventories	9,096	-
Capital Assets	16,254,744	-
Accumulated Depreciation and Amortization	(9,521,361)	-
Total Assets	12,704,041	4,756,416
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	1,908,503	-
Other Post Employment Benefits	74,958	-
Total Deferred Outflows of Resources	1,983,461	-
<b>LIABILITIES</b>		
Accounts Payable	151,272	4,011,236
Accrued Salaries	560,592	567,456
Unearned Revenue	21,630	-
Compensated Absences	97,137	-
Net Pension Liability	6,969,827	-
Net OPEB Liability	337,203	-
Noncurrent Liabilities:		
Due in Less Than One Year	426,499	-
Due in More Than One Year	1,047,060	-
Total Liabilities	9,611,220	4,578,692
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	2,806,894	-
Other Post Employment Benefits	124,276	-
Total Deferred Inflows of Resources	2,931,170	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	5,259,824	-
Restricted for:		
Tabor Reserve	296,813	-
Multi Year Obligation	182,528	-
Food Service	162,036	-
SPED	-	50,000
Unrestricted	(3,756,089)	127,724
Total Net Position	\$ 2,145,112	\$ 177,724

See accompanying Notes to Financial Statements.



**BYERS SCHOOL DISTRICT 32-J  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2022**

<b>ASSETS</b>	<b>General</b>	<b>Designated Purpose Grants</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Investments	\$ 5,540,655	\$ 24,525	\$ 254,024	\$ 5,819,204
Accounts Receivable	-	44,253	28,768	73,021
Property Taxes Receivable	69,337	-	-	69,337
Due from Other Funds	39,074	19,174	-	58,248
Inventories	-	-	9,096	9,096
Total Assets	<u>\$ 5,649,066</u>	<u>\$ 87,952</u>	<u>\$ 291,888</u>	<u>\$ 6,028,906</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 115,701	\$ 35,571	\$ -	\$ 151,272
Accrued Salaries	505,879	36,388	18,325	560,592
Due to Other Funds	48,003	-	10,245	58,248
Unearned Revenues	-	15,993	5,637	21,630
Total Liabilities	<u>669,583</u>	<u>87,952</u>	<u>34,207</u>	<u>791,742</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenues	21,388	-	-	21,388
Total Deferred Inflows of Resources	<u>21,388</u>	<u>-</u>	<u>-</u>	<u>21,388</u>
 <b>FUND BALANCES</b>				
Nonspendable				
Inventory	-	-	9,096	9,096
Restricted for:				
Emergencies	296,813	-	-	296,813
Multi-Year Obligations	182,528	-	-	182,528
Food Service	-	-	152,940	152,940
Committed to:				
Capital Outlay	263,511	-	-	263,511
Rental Properties	49,341	-	-	49,341
Day Care	112,361	-	-	112,361
Pupil Activities	-	-	95,645	95,645
Unassigned	4,053,541	-	-	4,053,541
Total Fund Balances	<u>4,958,095</u>	<u>-</u>	<u>257,681</u>	<u>5,215,776</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,649,066</u>	<u>\$ 87,952</u>	<u>\$ 291,888</u>	<u>\$ 6,028,906</u>

See accompanying Notes to Financial Statements.

**BYERS SCHOOL DISTRICT 32-J**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

Total Governmental Fund Balance	\$ 5,215,776
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,733,383
Property taxes and other revenues - Revenues that do not provided current financial resources are unavailable on the governmental fund financial statements but recognized on the government-wide financial statements.	21,388
Long-term liabilities, including bonds payable, certification of participation, compensated absences, other postemployment benefits, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds Payable	(485,261)
Loan Payable	(967,003)
Copier Lease	(21,295)
Compensated Absences	(97,137)
Net Pension Liability	(6,969,827)
Net OPEB Liability	(337,203)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	1,908,503
Related to OPEB	74,958
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	(2,806,894)
Related to OPEB	(124,276)
Net Position of Governmental Activities	\$ 2,145,112

See accompanying Notes to Financial Statements.

**BYERS SCHOOL DISTRICT 32-J**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
Property Taxes	\$ 1,947,457	\$ -	\$ -	\$ 1,947,457
Specific Ownership Taxes	132,703	-	-	132,703
Earnings on Investments	3,613	-	84	3,697
Other Local Sources	1,584,947	-	181,931	1,766,878
State Aid	42,137,347	146,307	35,256	42,318,910
Federal Aid	-	2,980,807	287,526	3,268,333
Total Revenues	<u>45,806,067</u>	<u>3,127,114</u>	<u>504,797</u>	<u>49,437,978</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,275,987	696,267	-	3,972,254
Supporting Services:				
Students	177,229	303,922	143,992	625,143
Instructional Staff	55,673	-	-	55,673
District Administration	1,161,259	-	-	1,161,259
School Administration	339,361	-	-	339,361
Business	220,765	-	-	220,765
Operation and Maintenance of Facilities	343,717	-	-	343,717
Transportation	329,206	-	-	329,206
Central	73,623	-	-	73,623
Food Service	-	-	297,088	297,088
Capital Outlay	2,074,263	264,052	126,379	2,464,694
Debt Service:				
Principal	328,839	-	-	328,839
Interest and Fiscal Charges	70,382	-	-	70,382
Charter School Funding	36,671,810	1,862,873	-	38,534,683
Total Expenditures	<u>45,122,114</u>	<u>3,127,114</u>	<u>567,459</u>	<u>48,816,687</u>
<b>NET CHANGE IN FUND BALANCES</b>	683,953	-	(62,662)	621,291
Fund Balances - Beginning	<u>4,274,142</u>	<u>-</u>	<u>320,343</u>	<u>4,594,485</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,958,095</u>	<u>\$ -</u>	<u>\$ 257,681</u>	<u>\$ 5,215,776</u>

See accompanying Notes to Financial Statements.

**BYERS SCHOOL DISTRICT 32-J**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

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

Net Change in Fund Balances of Governmental Funds	\$ 621,291
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeded capital outlay in the current year.</p>	
Capital Outlay	2,015,265
Depreciation Expense	(588,396)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:</p>	
Payment of Principal Includes:	
Debt Payments	328,839
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in government funds.</p>	
Earned but Unavailable Revenue	(12,058)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The (increase) decrease in these activities consist of the following:</p>	
Accrued Compensated Absences	6,046
OPEB Expense	26,808
Pension Expense	<u>2,400,337</u>
Change in Net Position of Governmental Activities	<u>\$ 4,798,132</u>

See accompanying Notes to Financial Statements.

**BYERS SCHOOL DISTRICT 32-J  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<u>Endowment Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,000
Total Assets	<u>2,000</u>
<b>LIABILITIES</b>	
Other	-
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted	2,000
Total Net Position	<u><u>\$ 2,000</u></u>

See accompanying Notes to Financial Statements.

**BYERS SCHOOL DISTRICT 32-J  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2022**

	<b>Endowment Fund</b>
<b>ADDITIONS</b>	
Earnings on Investments	\$ -
Donations	-
Total Additions	-
<b>DEDUCTIONS</b>	
Other Expense	20
Total Deductions	20
<b>NET INCREASE (DECREASE)</b>	(20)
<b>NET POSITION - BEGINNING OF YEAR</b>	2,020
<b>NET POSITION - END OF YEAR</b>	\$ 2,000

See accompanying Notes to Financial Statements.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Byers School District Number 32-J (the District) conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Byers School District Number 32-J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

**Reporting Entity**

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

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

**Discretely Presented Component Unit - Charter School**

The Legislature of the State of Colorado enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-10" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the Byers School District's Board of Education must approve all Charter School applications and budgets.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Discretely Presented Component Unit - Charter School (Continued)**

The District currently has eight charter schools in operation, Colorado Virtual Academy Elementary School, Colorado Virtual Academy Middle School, Colorado Virtual Academy High School, Colorado Online Middle School, Colorado Online High School, Astravo Online Academy Elementary School, Astravo Online Academy Middle School, and Astravo Online Academy High School, which are reported as a network of schools within Colorado Education Solutions. The Charter Schools are a discretely presented component unit because of the significance of their financial relationship with the District.

The Charter Schools have issued separate financial statements for the fiscal year ended June 30, 2022. Complete financial statements may be obtained at the network's administrative offices: 165 S. Union Blvd. Suite 777, Lakewood, CO 80228.

**Government-Wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting**

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

- Major Governmental Funds
  1. General Fund - the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
  2. Designated Purpose Grants – Special Revenue Fund – used to account for restricted state and federal grants including, but not limited to, Every Student Succeeds Act programs which must be expended as designated by the grantor.

Additionally, the District reports on the following fund type:

The Endowment Fund – this custodial fund is used to account for donations to the District that are to be used for specific purposes. These funds are held in a fiduciary capacity by the District.

**Cash and Investments**

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

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

**Receivables**

Property taxes levied in 2021 but uncollected in 2022 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2022 are recorded as deferred inflow of resources. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

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

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

**Capital Assets**

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

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

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

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund.

The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Lease liabilities**

During the year ended June 30, 2022, the District implemented the GASB issued Statement No. 87, "Leases" (GASB 87). This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has applied the provisions of this standard to the beginning of the period of adoption.

**Constitutional Amendment**

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

In November 4, 1997 the registered voters approved a ballot resolution authorizing Byers School District Number 32-J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2022, the District reserved \$296,813 for this purpose.

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

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes**

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2022 property tax calendar for Arapahoe and Adams County was as follows:

Levy Date	December 15, 2021
Lien Date	January 1, 2022
Tax Bills Mailed	January 1, 2022
First Installment Due	February 28, 2022
Second Installment Due	June 15, 2022
If Paid in Full, Due	April 30, 2022
Tax Sale, Delinquent Property Taxes	October 25, 2022

**Accumulated Sick Leave**

Compensated absences are made up of accumulated sick leave and vacation leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2022, the District has recorded an estimated liability of \$97,137 related to accrued sick and vacation leave payable for governmental activities.

**Use of Estimates**

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

**GASB Statement No. 54**

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GASB Statement No. 54 (Continued)**

4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
  
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Fund Balance Classification Policies and Procedures**

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

**Order of Fund Balance Spending Policy**

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

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

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Order of Fund Balance Spending Policy (Continued)**

Fund Balance Classification by Fund:

	General Fund	Grants Fund	Special Revenue (Non Major)			Total
			Food Service	Pupil Activity	Transportation	
<b>Nonspendable</b>						
Inventory	\$ -	\$ -	\$ 9,096	\$ -	\$ -	\$ 9,096
<b>Restricted</b>						
Emergencies	296,813	-	-	-	-	296,813
Multi-Year Obligations	182,528	-	-	-	-	182,528
Food Service	-	-	152,940	-	-	152,940
<b>Committed</b>						
Capital Outlay	263,511	-	-	-	-	263,511
Rental Properties	49,341	-	-	-	-	49,341
Day Care	112,361	-	-	-	-	112,361
<b>Assigned</b>						
Pupil Activities	-	-	-	95,645	-	95,645
<b>Unassigned</b>	4,053,541	-	-	-	-	4,053,541
<b>Total Fund Balances</b>	<b>\$ 4,958,095</b>	<b>\$ -</b>	<b>\$ 162,036</b>	<b>\$ 95,645</b>	<b>\$ -</b>	<b>\$ 5,215,776</b>

**Deferred Outflows / Inflows of Resources**

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

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

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Information**

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

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

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

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

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

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 CASH AND INVESTMENTS**

A summary of cash and investments as of June 30, 2022 follows:

Deposits	\$ 5,779,399
Investments	41,805
Total	<u>\$ 5,821,204</u>

Cash and investments are reported in the government-wide statement of net position:

Cash and Investments	\$ 5,819,204
Cash and Investments Fiduciary	2,000
Total	<u>\$ 5,821,204</u>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2022, the District deposits are with eligible public depositories and are considered to be held in the name of the District.

**Investments**

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

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 valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of June 30, 2022, the District had the following investments:

<u>Investment Type</u>	<u>S&amp;P Rating</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years) Less than 1</u>
ColoTrust Plus+ Fund	AAAm	\$ 41,805	\$ 41,805
Total		<u>\$ 41,805</u>	<u>\$ 41,805</u>

At June 30, 2022, the District had \$41,805 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. ColoTrust records investments at fair value and the District at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**Interest Rate Risk**

State statutes generally limit investments to an original maturity of five years unless the governing Board authorizes the investment for a period in excess of five years.

**Credit Risk**

State statutes limit investments to those with specified ratings, as provided by nationally recognized statistical rating organizations, depending on the investment type.

**NOTE 3 INTERFUND BALANCES AND TRANSFERS**

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 39,074	\$ 48,003
Designated Purpose Grants	19,174	-
Nonmajor	-	10,245
Total	<u>\$ 58,248</u>	<u>\$ 58,248</u>

Due to and Due from balances are the result of operating expenditures being paid on behalf of other funds. These amounts are expected to be repaid within the year.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balances</u> <u>6/30/2021</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/2022</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 173,215	\$ -	\$ -	\$ -	\$ 173,215
Construction in Process	1,005,187	1,460,763	(2,448,700)	-	17,250
Total Capital Assets Not Being Depreciated	1,178,402	1,460,763	(2,448,700)	-	190,465
Capital Assets Being Depreciated:					
Buildings and Improvements	10,728,500	311,055	2,448,700	-	13,488,255
Equipment and Vehicles	2,362,941	243,447	-	(72,745)	2,533,643
Total Capital Assets Being Depreciated	13,091,441	554,502	2,448,700	(72,745)	16,021,898
Lease Assets Being Amortized					
Equipment and Vehicles	42,381	-	-	-	42,381
Total Lease Assets Being Amortized	42,381	-	-	-	42,381
Less Accumulated Depreciation for:					
Buildings and Improvements	6,899,588	432,451	-	-	7,332,039
Equipment and Vehicles	2,106,122	133,639	-	(72,745)	2,167,016
Total Accumulated Depreciation	9,005,710	566,090	-	(72,745)	9,499,055
Less Lease Amortization for:					
Equipment and Vehicles	-	22,306	-	-	22,306
Total Lease Amortization	-	22,306	-	-	22,306
Total Capital Assets, Being Depreciated and Amortized, Net	4,128,112	(33,894)	2,448,700	-	6,542,918
Governmental Activities Capital Assets, Net	<u>\$ 5,306,514</u>	<u>\$ 1,426,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,733,383</u>

As a result of implementation of GASB Statement No. 87 (GASB 87), Leases, \$42,381 in lease assets for a copier lease has been added to the beginning balance presented above in Note 3. As these lease assets are offset by an equal amount of lease liabilities, the District does not report a restatement of beginning net position for the implementation of GASB 87.

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

Governmental Activities:	
Instructional Support	\$ 141,346
Supporting Services	447,050
Total Depreciation and Amortization Expense	<u>\$ 588,396</u>

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 LONG-TERM DEBT**

Changes in Long-term debt:

Following is a summary of long-term debt transactions during the fiscal year 2022.

	<b>Balance at June 30, 2021</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance at June 30, 2022</b>	<b>Due Within One Year</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
QZAB Bond	\$ 555,850	\$ -	\$ 70,589	\$ 485,261	\$ 70,589
BEST Grant Loan	1,204,167	-	237,164	967,003	237,478
Copier Lease	42,381	-	21,086	21,295	21,295
Accumulated Leave	103,183	56,273	62,319	97,137	97,137
Total	<u>\$ 1,863,200</u>	<u>\$ 56,273</u>	<u>\$ 391,158</u>	<u>\$ 1,570,696</u>	<u>\$ 426,499</u>

**QZAB BONDS**

During the year ended June 30, 2012, the District issued \$1,200,000 in Qualified Zone Academy Bonds (QZABs). These bonds were created by Section 226 (a) of the Taxpayer Relief Act of 1997. The act allowed the issuance of debt by public schools within empowerment enterprise zones to be interest free. There must be an education program designed in cooperation with the businesses and receive a private business contribution that is not less than 10% of the net present value of the bond proceeds. Payments are made annually to advance fund the required payments in June 2029 of \$1,200,000. The original agreement allowed for debt payments to be interest free, however, in 2014, the federal subsidy payments were reduced by an annual sequestration rate which required the District to assist with the interest payments. That rate for 2021-2022 is 5.70% which required the District to pay \$3,338 into the sinking fund to be applied toward the interest portion of the debt. The remaining interest of \$55,222 reimbursed by the IRS was recognized as interest expense and local revenue in the basic financial statements. The District's current portion of interest revenue will be at a rate of 0.25%.

**BEST GRANT LOAN**

On February 4, 2021, the District issued \$1,204,167 of BEST (Building Excellent Schools Today) matching money loan. The loan has a 1.190% interest rate. Principal payments are due annually on December 1 beginning in 2021 and running through 2025. The loan will serve as a portion of the District's match on the BEST grant program where the District was awarded approximately \$1 million of BEST grant funds to construct a new HVAC for the District building. The money placed into escrow is the collateral for the loan. In the event of a default, the interest rate would increase to 5% for late payments on the loan.

**COPIER LEASE**

As a result of GASB 87, *Leases*, \$42,381 in lease liabilities has been added to the beginning balance presented above. As these lease liabilities are offset by an equal amount of lease assets, Byers does not report a restatement of beginning net position for implementation of GASB 87. The Copiers lease term is 63 months. Payments of \$1,786 are due monthly with a 1.19% interest rate.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

Bond payment, to maturity, are as follows for QZAB Bond:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 70,589	\$ 58,560	\$ 129,149
2024	70,589	58,560	129,149
2025	70,589	58,560	129,149
2026	70,589	58,560	129,149
2027	70,589	58,560	129,149
2028-2029	132,316	117,120	249,436
Total	<u>\$ 485,261</u>	<u>\$ 409,920</u>	<u>\$ 895,181</u>

Loan payment, to maturity, are as follows for BEST Grant Loan:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 237,478	\$ 11,508	\$ 248,986
2024	240,304	8,682	248,986
2025	243,164	5,822	248,986
2026	246,057	2,929	248,986
Total	<u>\$ 967,003</u>	<u>\$ 28,941</u>	<u>\$ 995,944</u>

Lease payment, to maturity, are as follows for the Copier Lease:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 21,295	\$ 137	\$ 21,432
Total	<u>\$ 21,295</u>	<u>\$ 137</u>	<u>\$ 21,432</u>

**NOTE 6 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District accounts for and finances its risk activities in the General Fund.

The District purchases commercial insurance for its workers compensation risks. For its general liability risks and risk of property loss or damage, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP). There have been no significant changes in the insurance programs from the prior year. For the prior three years, the amount of claims payments for property and liability insurance has not exceeded the amount of insurance coverage.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 RISK MANAGEMENT (CONTINUED)**

The CSDSIP is a public entity risk pool currently operating as a common risk management and insurance program with member school districts, Board of Cooperative Educational Services, and charter schools. The District pays an annual premium to the CSDSIP for its property, casualty, and liability insurances. The CSDSIP retains liability losses up to \$750,000 per occurrence and purchases reinsurance coverage of \$9,250,000 per occurrence in excess of the Pool retention. The CSDSIP property insurance policy provides limits up to \$1,000,000,000 per occurrence subject to the Pool retention of \$1,000,000 per occurrence. Flood and earthquake coverage is provided by the CSDSIP has limits of \$100,000,000 per occurrence/aggregate for the entire pool.

**NOTE 7 JOINTLY GOVERNED ORGANIZATION**

The District, in conjunction with other surrounding districts, created the East Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost. The BOCES Board is comprised of one member from each participating district. During the year ended June 30, 2022, the District contributed \$157,426 to the BOCES. The BOCES financial statements can be obtained from the Office of the Colorado State Auditor.

**NOTE 8 PENSION PLAN**

**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.

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

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 PENSION PLAN (CONTINUED)**

*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. § 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.

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.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 PENSION PLAN (CONTINUED)**

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. § 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 lesser 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. § 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. § 24-51-401, *et seq.* and § 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:

	July 1, 2021 Through June 30, 2022
Employer Contribution Rate <sup>1</sup>	10.90 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%
Amount Apportioned to the SCHDTF <sup>1</sup>	9.88 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	5.50 %
Total Employer Contribution Rate to the SCHDTF <sup>1</sup>	19.88 %

<sup>1</sup>Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 PENSION PLAN (CONTINUED)**

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 \$761,697 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. § 24-51-414, the State is required to contribute \$225 million 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 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, upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

**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 (TPL) 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 TPL to December 31, 2021. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing District.

At June 30, 2022, the District reported a liability of \$6,969,827 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing District. 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 District, 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	\$ 6,969,827
State's Proportionate Share of the Net Pension	
Liability Associated with the District	799,002
Total	<u>\$ 7,768,829</u>

At December 31, 2021, the District proportion was 0.05989%, which was a decrease of 0.00106% from its proportion measured as of December 31, 2020.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 PENSION PLAN (CONTINUED)**

For the year ended June 30, 2022, the District recognized pension expense of (\$2,002,596) and revenue of \$276,305 for support from the State as a nonemployer contributing District. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 266,833	\$ -
Changes of Assumptions or Other Inputs	532,094	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,620,447
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	711,835	186,447
Contributions Subsequent to the Measurement Date	397,741	-
Total	\$ 1,908,503	\$ 2,806,894

\$397,741 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ 191,346
2024	(524,203)
2025	(645,208)
2026	(318,067)
2027	-
Thereafter	-

*Actuarial Assumptions*

The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 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%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

The TPL 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.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 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:

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

Note: 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%.

*Discount Rate*

The discount rate used to measure the TPL 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:

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 PENSION PLAN (CONTINUED)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (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 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 District, will provide an annual direct distribution of \$225 million, 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.
- 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 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.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 PENSION PLAN (CONTINUED)**

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. 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	\$ 10,259,016	\$ 6,969,827	\$ 4,225,122

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

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the Byers School District Number 32-J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$58,019.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS**

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

*Benefits Provided*

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

C.R.S. § 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.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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.

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

*DPS Benefit Structure*

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

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

*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 \$39,081 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$337,203 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 (TOL) 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 TOL to December 31, 2021. The District proportion of the net OPEB liability was based on District 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 proportion was 0.03911%, which was an increase of 0.00387% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$8,553). At June 30, 2022, 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	\$ 514	\$ 79,955
Changes of Assumptions or Other Inputs	6,981	18,291
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	20,873
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share Share of Contributions	49,208	5,157
Contributions Subsequent to the Measurement Date	18,255	-
Total	<u>\$ 74,958</u>	<u>\$ 124,276</u>

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

\$18,255 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (17,846)
2024	(24,555)
2025	(24,258)
2026	(6,730)
2027	4,836
Thereafter	980

*Actuarial Assumptions*

The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	<u>Trust Fund</u>			
	<u>State Division</u>	<u>School Division</u>	<u>Local Government Division</u>	<u>Judicial Division</u>
Actuarial Cost Method			Entry Age	
Price Inflation			2.30%	
Real Wage Growth			0.70%	
Wage Inflation			3.00%	
Salary Increases, Including Wage Inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
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				
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% for 2021, gradually increasing to	
DPS Benefit Structure			4.50% in 2029	
Service-based Premium Subsidy			0.00%	
PERACare Medicare Plans			N/A	
Medicare Part A Premiums			N/A	

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums are assumed for 2021 for the PERA Benefit Structure.

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

The 2021 Medicare Part A premium is \$471 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 TOL are summarized in the table below:

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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 TOL 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.

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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%

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

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

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

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

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

- **Males:** 94% 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 State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Post-retirement non-disabled mortality assumptions for the School 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.

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

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

- **Males:** 97% 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.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table 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.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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.

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

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

Note: 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%.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	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%
Proportionate Share of the Net OPEB Liability	\$ 327,519	\$ 337,203	\$ 348,420

*Discount Rate*

The discount rate used to measure the TOL 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.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Based on the above assumptions and methods, the HCTF'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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 391,626	\$ 337,203	\$ 290,716

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

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2022, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the District.

**TABOR Amendment**

In November 1992, Colorado voters passed an amendment to Article X, Section 20, of the State Constitution (the Amendment) which limits state and local government taxing powers and imposes spending limitations. In November 2000, voters within the District authorized the District to collect, retain, and expend all revenues received in 2000 and any year thereafter. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

**BYERS SCHOOL DISTRICT 32-J  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying revenue. At June 30, 2022, the District's reserve of \$294,254 was reported as restricted fund balance in the General Fund.

**Litigation**

The District is involved in various pending or threatened litigation. The outcome of these matters cannot be predicted at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BYERS SCHOOL DISTRICT 32-J  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

General Fund

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

Designated Purpose Grant Fund

This fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.

Pension Trend Data

Other Post-Employment Benefits

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,693,956	\$ 2,107,806	\$ 1,947,457	\$ (160,349)
Specific Ownership Taxes	120,198	139,238	132,703	(6,535)
Earnings on Investments	3,250	3,300	3,613	313
Charges for Services	1,139,883	1,175,375	1,210,170	34,795
Other	178,075	192,842	374,777	181,935
Total Local Sources	<u>3,135,362</u>	<u>3,618,561</u>	<u>3,668,720</u>	<u>50,159</u>
State Sources:				
State Equalization	37,996,101	39,671,160	40,012,873	341,713
Transportation	70,969	70,969	62,191	(8,778)
Vocational Education	25,000	25,000	16,230	(8,770)
Special Education	59,680	59,680	111,479	51,799
Other	61,074	1,909,100	1,934,574	25,474
Total State Sources	<u>38,212,824</u>	<u>41,735,909</u>	<u>42,137,347</u>	<u>401,438</u>
Total Revenues	<u>41,348,186</u>	<u>45,354,470</u>	<u>45,806,067</u>	<u>451,597</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries	2,209,723	2,176,621	2,086,229	90,392
Employee Benefits	788,062	776,285	736,986	39,299
Purchased Services	306,995	305,250	315,408	(10,158)
Supplies and Materials	141,454	124,903	127,615	(2,712)
Capital Outlay	461,324	1,488,217	898,498	589,719
Other	7,480	7,480	9,749	(2,269)
Total Instruction	<u>3,915,038</u>	<u>4,878,756</u>	<u>4,174,485</u>	<u>704,271</u>
Supporting Services:				
Students:				
Salaries	128,050	128,050	80,566	47,484
Employee Benefits	37,538	37,538	30,590	6,948
Purchased Services	108,210	103,791	62,032	41,759
Supplies and Materials	2,900	2,900	2,824	76
Capital Outlay	300	300	-	300
Other	1,800	1,800	1,217	583
Total Students	<u>278,798</u>	<u>274,379</u>	<u>177,229</u>	<u>97,150</u>

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

<b>EXPENDITURES (CONTINUED)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Supporting Services (Continued):				
Instructional Staff:				
Salaries	\$ 6,550	\$ 6,550	\$ 29,656	\$ (23,106)
Employee Benefits	16,280	16,280	13,316	2,964
Purchased Services	-	-	-	-
Supplies and Materials	6,550	13,550	12,701	849
Capital Outlay	15,025	15,025	15,025	-
Other	50	50	-	50
Total Instructional Staff	<u>44,455</u>	<u>51,455</u>	<u>70,698</u>	<u>(19,243)</u>
General Administration:				
Salaries	289,083	325,700	325,588	112
Employee Benefits	119,442	117,110	135,384	(18,274)
Purchased Services	386,170	443,670	462,079	(18,409)
Supplies and Materials	280,000	285,000	224,821	60,179
Capital Outlay	2,325,611	5,151,616	1,122,170	4,029,446
Debt Service - Principal	-	325,684	328,839	(3,155)
Debt Service - Interest	75,684	75,684	70,382	5,302
Other	9,800	9,800	13,387	(3,587)
Total General Administration	<u>3,485,790</u>	<u>6,734,264</u>	<u>2,682,650</u>	<u>4,051,614</u>
School Administration:				
Salaries	242,031	242,031	231,397	10,634
Employee Benefits	101,277	101,277	88,327	12,950
Purchased Services	4,600	4,600	732	3,868
Supplies and Materials	11,900	11,900	16,311	(4,411)
Capital Outlay	1,350	1,350	597	753
Other	4,300	5,300	2,594	2,706
Total School Administration	<u>365,458</u>	<u>366,458</u>	<u>339,958</u>	<u>26,500</u>
Business Services:				
Salaries	116,433	116,433	134,411	(17,978)
Employee Benefits	47,966	47,966	49,404	(1,438)
Purchased Services	20,800	20,800	32,367	(11,567)
Supplies and Materials	2,500	2,500	1,615	885
Capital Outlay	20,300	20,300	14,772	5,528
Other	250	250	2,968	(2,718)
Total Business Services	<u>208,249</u>	<u>208,249</u>	<u>235,537</u>	<u>(27,288)</u>

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES (CONTINUED)</b>				
Supporting Services (Continued):				
Operations and Maintenance:				
Salaries	\$ 236,295	\$ 193,795	\$ 207,303	\$ (13,508)
Employee Benefits	90,000	67,780	59,837	7,943
Purchased Services	46,000	46,000	50,884	(4,884)
Supplies and Materials	22,000	22,000	25,632	(3,632)
Capital Outlay	4,000	4,000	-	4,000
Other	300	300	61	239
Total Operations and Maintenance	<u>398,595</u>	<u>333,875</u>	<u>343,717</u>	<u>(9,842)</u>
Student Transportation:				
Salaries	177,767	177,767	183,946	(6,179)
Employee Benefits	71,455	71,455	67,144	4,311
Purchased Services	43,050	43,050	31,356	11,694
Supplies and Materials	47,500	47,500	46,760	740
Other	1,200	1,200	-	1,200
Total Student Transportation	<u>340,972</u>	<u>340,972</u>	<u>332,784</u>	<u>8,188</u>
Central Support:				
Salaries	38,258	38,258	39,282	(1,024)
Employee Benefits	8,933	14,000	12,320	1,680
Purchased Services	19,500	19,500	22,021	(2,521)
Supplies and Materials	500	500	-	500
Capital Outlay	20,000	20,000	19,623	377
Other	500	500	-	500
Total Central Support	<u>87,691</u>	<u>92,758</u>	<u>93,246</u>	<u>(488)</u>
Total Support Services	<u>5,210,008</u>	<u>8,402,410</u>	<u>4,275,819</u>	<u>4,126,591</u>
Charter School Funding	<u>34,333,750</u>	<u>36,382,645</u>	<u>36,671,810</u>	<u>(289,165)</u>
Total Expenditures	43,458,796	49,663,811	45,122,114	4,541,697
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers Out	(8,000)	(8,000)	-	8,000
Total Other Financial Sources (Uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>	<u>8,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,102,610)	(4,309,341)	683,953	4,993,294
Fund Balance - Beginning	<u>2,110,610</u>	<u>1,787,666</u>	<u>4,274,142</u>	<u>(2,486,476)</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 8,000</u>	<u>\$ (2,521,675)</u>	<u>\$ 4,958,095</u>	<u>\$ 2,506,818</u>

**BYERS SCHOOL DISTRICT 32-J  
DESIGNATED PURPOSE GRANTS – SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
State Sources	\$ 80,000	\$ 162,300	\$ 146,307	\$ (15,993)
Federal Sources	379,219	2,986,752	2,980,807	(5,945)
Total Revenues	<u>459,219</u>	<u>3,149,052</u>	<u>3,127,114</u>	<u>(21,938)</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries	99,332	462,487	571,842	(109,355)
Employee Benefits	42,467	46,470	117,885	(71,415)
Purchased Services	139,714	1,926,347	-	1,926,347
Supplies and Materials	13,993	5,906	6,540	(634)
Total Instruction	<u>295,506</u>	<u>2,441,210</u>	<u>696,267</u>	<u>1,744,943</u>
Supporting Services:				
Salaries	94,848	121,111	111,200	9,911
Employee Benefits	36,242	27,209	31,965	(4,756)
Purchased Services	7,461	15,700	7,365	8,335
Supplies and Materials	6,994	24,000	28,790	(4,790)
Capital Outlay	-	395,387	264,052	131,335
Other	18,168	124,435	124,602	(167)
Total Supporting Services	<u>163,713</u>	<u>707,842</u>	<u>567,974</u>	<u>139,868</u>
Charter School Funding	-	-	1,862,873	(1,862,873)
Total Expenditures	<u>459,219</u>	<u>3,149,052</u>	<u>3,127,114</u>	<u>21,938</u>
<b>NET CHANGE IN FUND BALANCE</b>	163,713	707,842	-	707,842
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 163,713</u>	<u>\$ 707,842</u>	<u>\$ -</u>	<u>\$ 707,842</u>

**BYERS SCHOOL DISTRICT 32-J  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

Fiscal Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
District's Proportion of the Net Pension Liability	0.059891793%	0.060951177%	0.053674910%	0.055134057%	0.062007821%	0.058656692%	0.059904959%	0.060716862%
District's Proportionate Share of the Net Pension Liability	\$ 6,969,827	\$ 9,214,589	\$ 8,018,915	\$ 9,762,617	\$ 20,051,126	\$ 17,464,365	\$ 9,162,041	\$ 8,229,174
State's Proportionate Share of the Net Pension Liability associated with the (Entity) **	799,002	-	1,017,097	1,334,903	-	-	-	-
Total	<u>\$ 7,768,829</u>	<u>\$ 9,214,589</u>	<u>\$ 9,036,012</u>	<u>\$ 11,097,520</u>	<u>\$ 20,051,126</u>	<u>\$ 17,464,365</u>	<u>\$ 9,162,041</u>	<u>\$ 8,229,174</u>
District's Covered Payroll	3,742,778	3,246,509	3,164,623	3,031,014	2,860,642	2,718,885	2,610,644	2,545,820
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.2%	283.8%	253.4%	322.1%	700.9%	642.3%	350.9%	323.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%

\* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

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

**BYERS SCHOOL DISTRICT 32-J**  
**SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDED JUNE 30,**

<b>Fiscal Year</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually Required Contribution	\$ 761,697	\$ 711,342	\$ 618,769	\$ 594,929	\$ 548,301	\$ 515,602	\$ 471,903	\$ 437,581	\$ 388,784	\$ 354,852
Contributions in Relation to the Contractually Required Contribution	761,697	711,342	618,769	594,929	548,301	515,602	471,903	437,581	388,784	354,852
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,831,465	\$ 3,577,887	\$ 3,192,823	\$ 3,109,927	\$ 2,903,805	\$ 2,804,717	\$ 2,661,386	\$ 2,592,928	\$ 2,434,209	\$ 2,352,094
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.97%	15.09%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years.

**BYERS SCHOOL DISTRICT 32-J  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE  
SHARE OF OPEB LIABILITY  
LAST TEN FISCAL YEARS**

Fiscal Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
(Entity)'s Proportion (Percentage) of the Collective Net OPEB Liability	0.0391048032%	0.0352373155%	0.0350754305%	0.0358374204%	0.0352363578%	0.0332128714%
(Entity)'s Proportionate Share of the Collective Net OPEB Liability	\$ 337,203	\$ 334,834	\$ 394,247	\$ 487,583	\$ 457,932	\$ 430,616
Covered payroll	\$ 3,742,778	\$ 3,246,509	\$ 3,164,623	\$ 3,031,014	\$ 2,860,642	\$ 2,718,885
(Entity)'s Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.31%	12.46%	16.09%	16.01%	15.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

\* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

The amounts presented for each fiscal year were determined as of December 31.

**BYERS SCHOOL DISTRICT 32-J**  
**SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDED JUNE 30,**

<b>Fiscal Year</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually Required Contribution	\$ 39,081	\$ 36,494	\$ 32,567	\$ 31,721	\$ 29,619	\$ 28,608
Contributions in Relation to the Contractually Required Contribution	39,081	36,494	32,567	31,721	29,619	28,608
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(Entity)'s Covered Payroll	\$ 3,831,465	\$ 3,577,887	\$ 3,192,823	\$ 3,109,927	\$ 2,903,805	\$ 2,804,717
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

**BYERS SCHOOL DISTRICT 32-J**  
**JUNE 30, 2022**

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

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

Pupil Activity Fund – This fund accounts for financial transactions of all schools in the District through individual school activity accounts.

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

Transportation Fund – This fund accounts for the tax proceeds from a transportation mill levy override. State Transportation Funds are also recorded here. The costs associated with student transportation are recorded in this fund.

**FIDUCIARY FUND TYPES**

**Endowment Fund**

This custodial fund accounts for revenues and expenditures associated with various special projects not reported in otherfunds. Revenues are provided through alumni donations and fund raisers.

**BYERS SCHOOL DISTRICT 32-J  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Special Revenue</b>			<b>Total</b>
	<b>Food Service</b>	<b>Pupil Activity</b>	<b>Transportation</b>	
<b>ASSETS</b>				
Cash and Investments	\$ 148,134	\$ 105,890	\$ -	\$ 254,024
Accounts Receivable	28,768	-	-	28,768
Inventory	9,096	-	-	9,096
Total Assets	<u>\$ 185,998</u>	<u>\$ 105,890</u>	<u>\$ -</u>	<u>\$ 291,888</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accrued Salaries	\$ 18,325	\$ -	\$ -	\$ 18,325
Unearned Revenues	5,637	-	-	5,637
Due to Other Funds	-	10,245	-	10,245
Total Liabilities	<u>23,962</u>	<u>10,245</u>	<u>-</u>	<u>34,207</u>
<b>FUND BALANCES</b>				
Nonspendable Inventories				
Inventory	9,096	-	-	9,096
Restricted for:				
Food Services	152,940	-	-	152,940
Committed to:				
Pupil Activities	-	95,645	-	95,645
Total Fund Balances	<u>162,036</u>	<u>95,645</u>	<u>-</u>	<u>257,681</u>
Total Liabilities and Fund Balances	<u>\$ 185,998</u>	<u>\$ 105,890</u>	<u>\$ -</u>	<u>\$ 291,888</u>

**BYERS SCHOOL DISTRICT 32-J  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue</u>			<u>Total</u>
	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Transportation</u>	
<b>REVENUES</b>				
Other Local Sources	\$ 26,054	\$ 155,877	\$ -	\$ 181,931
State Aid	35,256	-	-	35,256
Federal Aid	287,526	-	-	287,526
Earnings on Investments	84	-	-	84
Total Revenues	<u>348,920</u>	<u>155,877</u>	<u>-</u>	<u>504,797</u>
<b>EXPENDITURES</b>				
Current:				
Supporting Services				
Students	-	143,992	-	143,992
Food Service	297,088	-	-	297,088
Capital Outlay	17,670	-	108,709	126,379
Total Expenditures	<u>314,758</u>	<u>143,992</u>	<u>108,709</u>	<u>567,459</u>
<b>NET CHANGE IN FUND BALANCES</b>	34,162	11,885	(108,709)	(62,662)
Fund Balances - Beginning	<u>127,874</u>	<u>83,760</u>	<u>108,709</u>	<u>320,343</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 162,036</u>	<u>\$ 95,645</u>	<u>\$ -</u>	<u>\$ 257,681</u>

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
PUPIL ACTIVITY FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Local Sources	\$ 205,000	\$ 205,000	\$ 155,877	\$ (49,123)
Total Revenues	<u>205,000</u>	<u>205,000</u>	<u>155,877</u>	<u>(49,123)</u>
<b>EXPENDITURES</b>				
Student Activities	<u>278,424</u>	<u>288,760</u>	<u>143,992</u>	<u>144,768</u>
Total Expenditures	<u>278,424</u>	<u>288,760</u>	<u>143,992</u>	<u>144,768</u>
<b>NET CHANGE IN FUND BALANCE</b>	(73,424)	(83,760)	11,885	95,645
Fund Balance - Beginning	<u>73,424</u>	<u>83,760</u>	<u>83,760</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,645</u>	<u>\$ 95,645</u>

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Local Sources:				
Food Sales	\$ 81,300	\$ 81,300	\$ 24,174	\$ (57,126)
Earnings on Investments	50	50	84	34
Other	1,300	1,300	1,880	580
State Sources:				
School Lunches	5,900	5,900	35,256	29,356
Federal Sources:				
School Lunches	150,000	150,000	268,619	118,619
Commodities	14,000	14,000	18,907	4,907
Other	-	30,000	-	(30,000)
Other Financing Sources (Uses):	8,000	8,000	-	(8,000)
Total Revenues	<u>260,550</u>	<u>290,550</u>	<u>348,920</u>	<u>58,370</u>
<b>EXPENDITURES</b>				
Salaries	104,422	108,688	124,598	(15,910)
Employee Benefits	35,953	38,000	43,521	(5,521)
Purchased Services	6,000	6,000	2,851	3,149
Supplies and Materials	134,000	164,100	126,118	37,982
Capital Outlay	14,000	14,000	17,670	(3,670)
Other	1,500	1,500	-	1,500
Total Expenditures	<u>295,875</u>	<u>332,288</u>	<u>314,758</u>	<u>17,530</u>
<b>NET CHANGE IN FUND BALANCE</b>	(35,325)	(41,738)	34,162	75,900
Fund Balance - Beginning	<u>62,218</u>	<u>105,802</u>	<u>127,874</u>	<u>22,072</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 26,893</u>	<u>\$ 64,064</u>	<u>\$ 162,036</u>	<u>\$ 97,972</u>

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Capital Outlay	260,893	108,709	108,709	-
Total Expenditures	<u>260,893</u>	<u>108,709</u>	<u>108,709</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(260,893)	(108,709)	(108,709)	-
Fund Balance - Beginning	<u>260,893</u>	<u>108,709</u>	<u>108,709</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BYERS SCHOOL DISTRICT 32-J  
BUDGETARY COMPARISON SCHEDULE  
ENDOWMENT FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Earnings on Investments				
Other Local Sources	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>EXPENDITURES</b>				
Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>20</u>	<u>980</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>20</u>	<u>980</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(20)	(20)
Fund Balance - Beginning	<u>2,040</u>	<u>2,020</u>	<u>2,020</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 2,040</u></u>	<u><u>\$ 2,020</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ (20)</u></u>

## **COMPLIANCE SECTION**

# BYERS SCHOOL DISTRICT 32-J AUDITORS' INTEGRITY REPORT YEAR ENDED JUNE 30, 2022



**Colorado Department of Education**  
Auditors Integrity Report  
District: 0190 - Byers 32J  
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
<b>Governmental</b>							
10 General Fund	4,274,136		9,014,822		8,330,864		4,958,095
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	8		119,435		119,443		0
<b>Sub-Total</b>	<b>4,274,144</b>		<b>9,134,257</b>		<b>8,450,307</b>		<b>4,958,095</b>
11 Charter School Fund	177,724		39,275,729		39,275,729		177,724
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	127,874		348,920		314,758		162,036
22 Gov. Designated-Purpose Grants Fund	0		3,127,115		3,127,115		0
23 Pupil Activity Special Revenue Fund	83,759		155,878		143,992		95,645
25 Transportation Fund	108,709		0		108,709		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>4,772,211</b>		<b>52,041,900</b>		<b>51,420,611</b>		<b>5,393,500</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	2,020		0		20		2,000
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34 Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>2,020</b>		<b>0</b>		<b>20</b>		<b>2,000</b>

DRAFT



**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  
Byers School District 32-J  
Byers, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Byers School District 32-J, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Byers School District 32-J's basic financial statements, and have issued our report thereon dated December 7, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Byers School District 32-J'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 Byers School District 32-J's internal control. Accordingly, we do not express an opinion on the effectiveness of Byers School District 32-J'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.

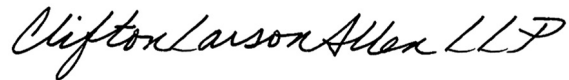
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Byers School District 32-J'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.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
December 7, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education  
Byers School District 32-J  
Byers, Colorado

**Report on Compliance for Each Major Federal Program**

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

We have audited Byers School District 32-J's 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 Byers School District 32-J's major federal programs for the year ended June 30, 2022. Byers School District 32-J'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, Byers School District 32-J complied, in all material respects, with the 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 (GAAS); 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 Byers School District 32-J 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 federal program. Our audit does not provide a legal determination of Byers School District 32-J'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 Byers School District 32-J'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 referred to above occurred, whether due to fraud or error, and express an opinion on Byers School District 32-J'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 GAAS, *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 judgment made by a reasonable user of the report on compliance about Byers School District 32-J's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Byers School District 32-J'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 Byers School District 32-J'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 Byers School District 32-J'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 defined 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 is 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.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
December 7, 2022

**BYERS SCHOOL DISTRICT 32-J  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	State Grant Number	Provided to Subrecipient	Grant Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Colorado Department of Education:				
Covid-19 Pandemic EBT Food Benefits	10.542	4649	\$ -	\$ 614
<u>Child Nutrition Cluster - Cluster</u>				
(Passed through Colorado Department of Education)				
School Breakfast Program	10.553	4553	-	74,716
National School Lunch Program	10.555	4555	-	213,852
Total Child Nutrition Cluster - Cluster			<u>-</u>	<u>288,568</u>
Total U.S. Department of Agriculture			-	289,182
<u>U.S. Department of Education</u>				
Passed through Colorado Department of Education:				
Title I, Part A	84.010	4010	-	631,325
Title IV A	84.424	4424	-	25,608
English Language Acquisition State Grants	84.365	4365	-	20,396
Covid-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	4420		113,364
Covid-19 Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	4414	-	<u>2,188,458</u>
Total ESSER 84.425 Subtotal				<u>2,301,822</u>
Total U.S. Department of Education			<u>-</u>	<u>2,979,151</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 3,268,333</u>

**BYERS SCHOOL DISTRICT 32-J**  
**NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Programs (Uniform Guidance)*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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 3 INDIRECT COSTS**

The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 SUBRECIPIENTS**

The District provided no federal awards to subrecipients.

**BYERS SCHOOL DISTRICT 32-J  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

<b>AL Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.425	Covid-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        x   no

**BYERS SCHOOL DISTRICT 32-J  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**BYERS SCHOOL DISTRICT 32-J  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022**

Byers School District 32-J respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Audit period: June 30, 2022

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2021 – 001 BEST Grant**

**Condition:** Construction invoices related to the BEST grant were not accrued as expenditures and payables in the year of service. The cash with fiscal agent associated with the new loan was not reflected in the activity for the District.

**Status:** The corrective action was taken. The District has adjusted cash, expenditures, payables, and other financing sources accordingly. The District has improved the process for reconciling items related grants and vendor payments on ongoing construction projects.

**2021 – 002 Reconciliation of Grant Related Revenues and Expenditures**

**Condition:** Revenues and related unearned revenue balances presented by the District did not agree to cash receipts received or expenditures during the audit period.

**Status:** The corrective action was taken. The District has improved the process for reconciling grant related activity on a monthly basis to be reported correctly at year end.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

There were no financial statement findings in the prior year.



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