
BAYFIELD SCHOOL DISTRICT
NUMBER 10-JTR
FINANCIAL STATEMENTS
JUNE 30, 2022

Contents

	Page
Independent Auditors' Report	1 - 4
Management's Discussion And Analysis	i - vii
Basic Financial Statements	
Statement Of Net Position.....	5
Statement Of Activities.....	6
Balance Sheet - Governmental Funds.....	7
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position	8
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	9
Reconciliation Of The Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balances To The Statement Of Activities.....	10
Notes To Financial Statements	11 - 46
Required Supplementary Information	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - General Fund	47
Schedule Of District's Proportionate Share Of The Net Pension Liability	48
Schedule Of District's Contributions To The Pension Plan	49
Schedule Of District's Proportionate Share Of The Net OPEB Liability - HCTF	50
Schedule Of District's Contributions To The OPEB Plan - HCTF	51
Notes To Required Supplementary Information	52

Contents (Continued)

Page

Supplementary Information

Combining Balance Sheet - Governmental Funds - Nonmajor Governmental Funds	53
Combining Statement Of Revenues, Expenditures And Changes In Fund Balance - Nonmajor Governmental Funds	54
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Governmental Designated Purpose Grants Fund.....	55
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Food Service Fund	56
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual – Student Activities Fund	57
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Capital Projects Fund	58
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Debt Service Fund	59
Colorado Department Of Education Auditor’s Integrity Report.....	60



1900 16th Street
Suite 300
Denver, CO 80202

T: 303.698.1883
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Education
Bayfield School District Number 10-JtR
Bayfield, Colorado

Report On The Audit Of The Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information for Bayfield School District Number 10-JtR (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities Of Management For The Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis Of Matter

Correction Of An Error In Previously Issued Financial Statements

As discussed in Note 12, the beginning fund balance of the General and Food Service Funds of the District have been restated to correct a misstatement. Our opinion is not modified with respect to this matter. In our opinion, such adjustments were appropriate and have been properly applied.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's pension contributions, schedule of the District's proportionate share of the net other postemployment benefit (OPEB) liability and schedule of the District's OPEB contributions on pages i through vii and on pages 48 through 52, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules and the Colorado Department of Education Auditors Integrity Report 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 combining and individual fund financial statements and schedules and the Colorado Department of Education Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RubinBrown LLP

December 20, 2022

Bayfield School District 10 Jt-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

To the Board of Education, parents, taxpayers, and members of Bayfield School District 10-JtR (the "District"):

The discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows on June 30, 2022 by \$1,035,040, an increase of \$8,456,991 from the prior year deficit of \$7,421,951. Of this amount, negative \$16,993,784 is unrestricted. The significant negative unrestricted position is due to the District's required reporting of the District's proportional share of the Colorado PERA's managed Pension Plan and Retiree Health Care Trust Fund.
- The District's long-term obligations were \$55,935,552 at June 30, 2022.
- At June 30, 2022 the District's governmental funds reported combined ending fund balances of \$10,080,770.
- The governmental funds have an unassigned fund balance of \$6,200,158.
- At June 30, 2022, \$496,375 of the general fund was reserved for the emergency contingency required by state law.
- The final 2021-2022 per pupil funding amount after the negative factor was \$9,323.

Financial Statement Overview

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The 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 required and other supplementary information in addition to the basic financial statements themselves.

Bayfield School District 10 Jt-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

District-wide Financial Statements

The district-wide financial statements are designed to provide the reader of the District's comprehensive annual financial report a broad overview of the financial activities in a manner similar to a private sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, deferred outflows and liabilities and deferred inflows. The difference between District's assets, deferred outflows and liabilities and deferred inflows reported as net position. Over time, changes in net position may serve as a useful indicator of the District's financial health.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or most of their costs from user fees and charges. Governmental activities consolidate governmental funds including the General Fund, Food Service Fund, Governmental Designated Purpose Grants (Grant Fund), Debt Service Fund, Student Activities Fund and Capital Reserve Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The District, like other governments, uses fund accounting to ensure and demonstrate compliance. All District funds can be divided into two categories: governmental funds, and fiduciary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Because the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Since the focus of each report differs, reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

Bayfield School District 10 Jt-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

The District maintains two major governmental funds. The major funds are the General Fund and the Debt Service Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled nonmajor governmental funds. Individual fund information for the nonmajor funds is presented as other supplemental information elsewhere in this document.

Fiduciary funds are used to account for resources held for the benefits of parties outside of the district. Fiduciary funds are reported in the district-wide financial statements as an individual nonmajor governmental fund even though the resources of those funds are not available for the support of the District's programs. These funds belong to the various student activity groups throughout the District. The accounting used for fiduciary funds is the same as that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual appropriation budget for all its funds. A budgetary comparison schedule has been provided for the General, Food Service, Grant, Debt Service, Capital Projects and Student Activities funds to demonstrate compliance with this budget.

District-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash and investments, receivables, and inventories are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of proceeds of the property tax collection process. The District received approximately 93% of the annual property tax assessment in March, May and June.

Capital assets are used in the operations of the District. These assets are land, improvements, buildings, equipment, and vehicles.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal 2023. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal 2023.

Bayfield School District 10 Jt-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Condensed Statement of Net Position

	June 30, 2022	June 30, 2021	% change
Assets			
Current assets	\$ 12,198,362	\$ 11,667,345	4.6%
Net Capital Assets	<u>53,593,266</u>	<u>55,564,026</u>	<u>-3.5%</u>
Total Assets	<u>65,791,628</u>	<u>67,231,371</u>	<u>-2.1%</u>
Deferred Outflows of Resources			
Deferred Outflows for Pensions and OPEB	4,842,440	7,743,096	-37.5%
Deferred loss on Bond Refunding	<u>-</u>	<u>-</u>	<u>N/A</u>
Total Deferred Outflows of Resources	<u>4,842,440</u>	<u>7,743,096</u>	<u>-37.5%</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 70,634,068</u></u>	<u><u>\$ 74,974,467</u></u>	<u><u>-5.8%</u></u>
Liabilities			
Current Liabilities	\$ 4,022,222	\$ 4,294,782	-6.3%
Pension and other long-term liabilities	<u>55,935,552</u>	<u>66,272,179</u>	<u>-15.6%</u>
Total Liabilities	<u>59,957,774</u>	<u>70,566,961</u>	<u>-15.0%</u>
Deferred Inflows of Resources	9,641,254	11,829,457	-18.5%
Total Liabilities and Deferred Inflows of Resources	<u><u>69,599,028</u></u>	<u><u>82,396,418</u></u>	<u><u>-15.5%</u></u>
Net Position			
Investment in Capital Assets, Net of Related Debt	14,412,311	14,564,085	-1.0%
Restricted	3,616,513	3,518,884	2.8%
Unrestricted	<u>(16,993,784)</u>	<u>(25,504,920)</u>	<u>-33.4%</u>
Total Net Position	<u><u>\$ 1,035,040</u></u>	<u><u>\$ (7,421,951)</u></u>	<u><u>-113.9%</u></u>

The Statement of Activities and Changes in Net Position reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The dependence upon property tax and state funding revenues is significant. Over 98% of general revenue is provided by property taxes and state revenue.

Bayfield School District 10 Jt-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Condensed Statement of Activities and Changes in Net Position

	June 30, 2022	June 30, 2021	% change
Revenue			
Program Revenue			
Charges for Services	\$ 371,263	\$ 207,013	79.3%
Operating and Capital Grants	2,320,577	2,063,904	12.4%
Total Program Revenue	<u>2,691,840</u>	<u>2,270,917</u>	<u>18.5%</u>
General Revenue:			
Property Taxes	7,908,220	7,828,280	1.0%
State Sources	11,803,368	10,239,260	15.3%
Investment Earnings	16,885	10,962	54.0%
Other	196,279	238,222	-17.6%
Total General Revenue	<u>19,924,752</u>	<u>18,316,724</u>	<u>8.8%</u>
Total Revenues	<u>22,616,592</u>	<u>20,587,641</u>	<u>9.9%</u>
Expenses			
Instruction	1,867,666	2,336,317	-20.1%
Pupil Activities	6,793,252	6,198,701	9.6%
Support and Administration	4,190,237	3,711,829	12.9%
Interest and Fiscal Charges	1,308,446	1,503,057	-12.9%
Total Expenses	<u>14,159,601</u>	<u>13,749,904</u>	<u>3.0%</u>
Change in net position	<u>8,456,991</u>	<u>6,837,737</u>	<u>23.7%</u>
Net Position Beginning of Year	(7,421,951)	(14,259,688)	-48.0%
Net Position End of Year	<u>\$ 1,035,040</u>	<u>\$ (7,421,951)</u>	<u>-113.9%</u>

Financial Analysis of the District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenue and other financing sources of \$22.6 million, an increase of \$1.6 million from the previous year, primarily due to increased State Source Revenue. The Program Revenue increase is primarily due to federal funding to mitigate the impact of Coronavirus on public schools.

Total governmental expenditures were \$21.8 million, an increase of \$1.4 million from the previous year, primarily due to increased salaries, benefits, other purchased services and supplies and capital related purchases.

Bayfield School District 10 Jt-R
 Management's Discussion and Analysis
 For the fiscal year ended June 30, 2022

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to approximately \$14.4 million, a decrease of approximately \$0.2 million from the prior year. This investment in capital assets includes land, improvements, buildings, equipment and vehicles less accumulated depreciation and related debt outstanding.

Major capital asset events during the current fiscal year included the following:

- Additions or upgrades to the District's vehicles and equipment.
- Payment of \$1.8 million of District Debt.
- Net change in Accumulated Depreciation of \$2.4 million.

Summary of Net Investment in Capital Assets

	Governmental Activities
Land	\$ 1,582,426
Construction in Progress	139,383
Buildings and improvements	77,190,580
Vehicles and equipment	<u>4,506,125</u>
Total Capital Assets	83,418,514
Less Accumulated Depreciation	(29,825,248)
Less Related Debt	<u>(39,180,955)</u>
Net Investment in Capital Assets	<u>\$14,412,311</u>

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-term Debt

At June 30, 2022, the District had \$36,585,000 in general obligation bonds outstanding. Other long-term obligations include compensated absences in the amount of \$266,279.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

Bayfield School District 10 Jt-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Economic Factors and Next Year's Budget and Rates

The 2022-2023 fiscal year adopted general fund budget includes \$18.1 million for estimated expenditures and transfers. The total estimated general fund revenue for the 2022-2023 budget is \$17.5 million. The estimated available fund balance at June 30, 2023 is \$4.8 million. The general fund revenue budget was based on a funded pupil count of approximately 1,329 and per pupil funding of \$9,888. The projected state share of the program funding amount is approximately \$11.3 million.

Requests For Information

This financial report is designed to provide a general overview of the 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 financial information should be addressed to:

John Moore
Director of Finance
Bayfield School District 10 Jt-R
24 Clover Drive
Bayfield, Colorado 81122
(970) 884-2496

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

STATEMENT OF NET POSITION**June 30, 2022**

	Governmental Activities
Assets	
Cash, cash equivalents and investments	\$ 11,128,685
Property tax receivable	395,171
Accounts, grants and other receivables	605,179
Prepaid expenses	36,837
Inventory	32,490
Capital assets, net:	
Nondepreciable	1,721,809
Depreciable	51,871,457
Total Assets	<u>65,791,628</u>
Deferred Outflows Of Resources	
Deferred outflows - pension	4,770,369
Deferred outflows - OPEB	72,071
Total Deferred Outflows Of Resources	<u>4,842,440</u>
Liabilities	
Accounts payable	81,661
Accrued expenses	1,632,487
Accrued interest payable	135,208
Unearned revenue	220,070
Long-term liabilities:	
Due within one year	1,952,796
Due in more than one year	37,494,438
Net pension liability	17,589,766
Net OPEB liability	851,348
Total Liabilities	<u>59,957,774</u>
Deferred Inflows Of Resources	
Deferred inflows - pension	9,307,826
Deferred inflows - OPEB	333,428
Total Deferred Inflows Of Resources	<u>9,641,254</u>
Net Position	
Net investment in capital assets	14,412,311
Restricted for:	
TABOR	496,375
Debt service	2,650,450
Food service	90,432
Student activities	379,256
Unrestricted	(16,993,784)
Total Net Position	<u>\$ 1,035,040</u>

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges For Services	Operating Grants And Contributions	Revenue And Changes In Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 1,867,666	\$ —	\$ 2,320,577	\$ 452,911
Support services	6,494,741	38,054	—	(6,456,687)
Instructional support	4,190,237	—	—	(4,190,237)
Student activities	298,511	333,209	—	34,698
Interest and fiscal charges	1,308,446	—	—	(1,308,446)
Total Governmental Activities	\$ 14,159,601	\$ 371,263	\$ 2,320,577	(11,467,761)
		General Revenues		
				7,908,220
				10,764,875
				1,038,493
				16,885
				196,279
		Total General Revenues		19,924,752
		Change In Net Position		8,456,991
		Net Position - Beginning Of Year		(7,421,951)
		Net Position - End Of Year		\$ 1,035,040

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2022

	Assets			
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash, cash equivalents and investments	\$ 7,666,081	\$ 2,599,268	\$ 863,336	\$ 11,128,685
Receivables:				
Accounts	540,509	—	—	540,509
Property tax	208,781	186,390	—	395,171
Grants	—	—	63,893	63,893
Interfund	25,500	—	—	25,500
Other	—	—	777	777
Inventories	—	—	32,490	32,490
Prepaid items	36,837	—	—	36,837
Total Assets	\$ 8,477,708	\$ 2,785,658	\$ 960,496	\$ 12,223,862
Liabilities, Deferred Inflow Of Resources And Fund Balance				
Liabilities				
Accounts payable	\$ 51,943	\$ —	\$ 29,718	\$ 81,661
Interfund payable	—	—	25,500	25,500
Accrued expenses	1,593,909	—	38,578	1,632,487
Unearned revenue	—	—	220,070	220,070
Total Liabilities	1,645,852	—	313,866	1,959,718
Deferred Inflow Of Resources				
Unavailable property tax revenue	98,486	84,888	—	183,374
Fund Balance				
Nonspendable	36,837	—	32,490	69,327
Restricted:				
Emergencies	496,375	—	—	496,375
Debt service	—	2,700,770	—	2,700,770
Food service	—	—	90,432	90,432
Student activities	—	—	379,256	379,256
Assigned	—	—	144,452	144,452
Unassigned	6,200,158	—	—	6,200,158
Total Fund Balance	6,733,370	2,700,770	646,630	10,080,770
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 8,477,708	\$ 2,785,658	\$ 960,496	\$ 12,223,862

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2022

Total Governmental Funds Balances	\$ 10,080,770
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	53,593,266
Unavailable revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	183,374
Accrued interest on long-term debt is not accrued at the fund level but is reported on the government-wide statement of net position.	(135,208)
Pension liability and related deferred outflows and deferred inflows are not considered current and, therefore, not reported in the funds.	
Deferred outflows	4,770,369
Deferred inflows	(9,307,826)
Net pension liability	<u>(17,589,766)</u> (22,127,223)
OPEB liability and related deferred outflows and deferred inflows are not considered current and, therefore, not reported in the funds.	
Deferred outflows	72,071
Deferred inflows	(333,428)
Net OPEB liability	<u>(851,348)</u> (1,112,705)
Liabilities not due and payable in the current period are not reported in the funds but are reported on the statement of net position. Similarly, bond premiums are recognized as other financing sources in the funds when issued but amortized in the statement of activities. The unamortized portion of these long-term debt-related items is included with governmental activities.	
General obligation bonds and other debt	(36,585,000)
Compensated absences	(266,279)
Unamortized bond premium	<u>(2,595,955)</u> (39,447,234)
Net Position Of Governmental Activities	<u>\$ 1,035,040</u>

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended June 30, 2022

	General	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 4,561,719	\$ 3,328,564	\$ —	\$ 7,890,283
Intergovernmental	12,580,883	—	1,443,062	14,023,945
Charges for services	—	—	38,054	38,054
Local sources	100,000	—	—	100,000
Student activities	—	—	333,209	333,209
Investment income	12,084	4,801	—	16,885
Other	161,327	—	34,952	196,279
Total Revenues	17,416,013	3,333,365	1,849,277	22,598,655
Expenditures				
Current:				
Instruction	9,109,209	—	383,837	9,493,046
Supporting services	3,731,563	—	362,408	4,093,971
Operations and maintenance of facilities	1,996,456	—	—	1,996,456
Student transportation	630,133	—	—	630,133
Central services	855,783	—	707,865	1,563,648
Student activities	—	—	298,511	298,511
Capital outlay	229,310	—	200,700	430,010
Debt service:				
Principal	—	1,605,000	—	1,605,000
Interest and fees	—	1,651,001	—	1,651,001
Total Expenditures	16,552,454	3,256,001	1,953,321	21,761,776
Excess Revenues Over Expenditures	863,559	77,364	(104,044)	836,879
Other Financing Sources (Uses)				
Interfund transfers	(111,500)	—	111,500	—
Net Change In Fund Balance	752,059	77,364	7,456	836,879
Fund Balance - Beginning Of Year, As Restated	5,981,311	2,623,406	639,174	9,243,891
Fund Balance - End Of Year	\$ 6,733,370	\$ 2,700,770	\$ 646,630	\$ 10,080,770

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended June 30, 2022

Net Change In Fund Balances - Total Governmental Funds	\$	836,879
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital additions	430,010	
Depreciation expense	<u>(2,400,770)</u>	(1,970,760)
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds.		17,937
The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		
Bond principal payments	1,605,000	
Amortization of bond premiums	213,986	1,818,986
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 the governmental funds.		
Change in compensated absences	124,069	
Change in accrued interest payable	<u>4,500</u>	128,569
Pension benefit reported in the statement of activities is not a current financial resource and, therefore, is not reported as revenue in the funds.		7,517,192
OPEB benefit reported in the statement of activities is not a current financial resource and, therefore, is not reported as revenue in the funds.		<u>108,188</u>
Change In Net Position Of Governmental Activities	\$	<u>8,456,991</u>

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

1. Summary Of Significant Accounting Policies

Reporting Entity

The financial statements of the Bayfield School District Number 10-JtR (the District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units and the *Financial Policies and Procedures Handbook* as prescribed by state law. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

The District was organized under the provisions of Colorado statutes for the purpose of operating elementary and secondary schools in Bayfield, Colorado.

The inclusion or exclusion of component units is based on a determination of the elected officials' financial accountability to their constituents and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government and discretely presented component units. The criteria used to determine whether an entity should be included, either blended or discretely presented, includes, but is not limited to, fiscal dependency, imposition of will, legal standing and the primary recipient of services. The District has no component units included in this report.

Measurement Focus, Basis Of Accounting And Basis Of Presentation

District-Wide And Fund Financial Statements

The District-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 primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by taxes and intergovernmental revenues.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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 or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue in the year for which they are levied.

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The District has the following fund types and account groups:

Governmental Funds are used to account for the District's general government activities. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are 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.

The District considers all revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for certain long-term obligations. These include unmatured principal and interest on general long-term debt, which is recognized when due, and compensated absences, which are recognized when due and payable.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Property taxes, interest, grants and entitlements are susceptible to accrual. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The major governmental funds are:

- *General Fund* - This fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Debt Service Fund* - This fund accounts for the accumulated resources used to retire principal and interest on long-term debt.

The nonmajor governmental funds are:

- *Governmental Designated Purpose Grants Fund* - This fund is used to account for revenues and expenditures associated with federal and state grants.
- *Food Service Fund* - This fund is a special revenue fund used to account for the operations of the school breakfast and lunch programs.
- *Capital Projects Fund* - This fund is used to account for funds used to purchase capital assets, with the exception of those projects financed by debt issuances authorized by voters in November 2012 and November 2016.
- *Student Activities Fund* - This fund is a special revenue fund used to account for the operations of student athletics, clubs and other related activities. Student activities are funded by students, gate receipts and other fund-raising activities.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Assets, Deferred Outflows Of Resources, Liabilities, Deferred Inflows Of Resources And Net Position/Fund Balance

Deposits And Investments

Cash and cash equivalents include all interest or equity in pooled cash and investments. The District pools cash and investments for some funds for management and investment purposes. These funds have an interest in the pool, which is available upon demand. Investments in securities are primarily measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Property Taxes

Property taxes are levied by the Board of Education. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year.

The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the taxpayers' election, on February 28 and June 15. Delinquent taxpayers are notified in August, and tax sales of the liens on delinquent properties are held in November. The County Treasurers remit the taxes collected monthly to the District.

Inventories

Inventories are held by the Food Service Fund and are valued at cost using the first-in/first-out method. The District utilizes the purchase method of accounting for inventory. The federal government donates surplus commodities to supplement the National School Lunch and Breakfast Programs. Such commodities are recorded as operating revenues and expenses.

Capital Assets

Capital assets are recorded at cost or historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful lives of 5 to 30 years. The District's capitalization threshold is \$5,000.

Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied and when certain grants are received before eligibility requirements are met.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68); GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The District has multiple types that qualify for reporting in this category. Unavailable property tax revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, the District has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68, GASB 71 and GASB 75.

Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund 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 and additions to/deductions from the fiduciary net position of 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.

Postemployment Benefits Other Than Pensions

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) fund administered by 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 and additions to/deductions from the fiduciary net position of HCTF 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.

Compensated Absences

Each employee of the District may accumulate a total of 60 days of sick leave. Employees are paid for the accumulated sick leave upon retirement or other termination.

The District accrues a liability for compensated absences, which meet the following criteria:

- The District's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

These compensated absences are recognized as current salary costs when due in the governmental funds. A long-term liability has been reported in the District-wide financial statements for the accrued compensated absences.

Accrued Salaries

Salaries and benefits to teachers and certain other employees are paid over a 12-month period from August 31 to August 30, but are earned over a school year of approximately 9 months. The salaries earned, but unpaid, at June 30, 2022 are reflected in the financial statements as an accrued liability.

Long-Term Obligations

The District reports long-term debt and other long-term obligations as liabilities in the District-wide financial statements. Bond premiums and discounts and deferred amounts in refundings are deferred and amortized over the life of the bonds using the straight-line method. Reported bonds payable include the effect of bond premiums and discounts.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source while premiums received are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Issuance costs are also expensed in the government-wide statement of activities.

Net Position/Fund Balance

In the District-wide financial statements, equity is shown as net position and is classified into three components:

- *Net investment in capital assets* - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted net position* - consists of net position with restrictions placed on their use either by:
 - External groups such as creditors, grantors, contributors or laws or regulations of the governments or
 - Law through constitutional provisions or enabling legislation
- *Unrestricted net position* - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

The District has not adopted fund balance policies; therefore, the District will follow the guidance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance restricted for emergencies reflects equity which is restricted for emergency purposes by the Taxpayer Bill of Rights Amendment (TABOR) of the State of Colorado (the State) Constitution. “Emergency” excludes economic conditions, revenue shortfalls or District salary or fringe benefit increases. In the fund financial statements, the governmental funds report the following classifications of fund balance:

- *Nonspendable* - includes items not expected to be converted to cash in the near term (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.
- *Restricted* - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- *Committed* - consists of funds intended to be used for specific purposes determined by a formal action of the Board of Education. The Board of Education is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Education.
- *Assigned* - consists of funds intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The District has delegated the authority to the Superintendent, or his designee, to assign funds and amounts to be used for specific purposes.
- *Unassigned* - the residual classification of the General Fund which includes all spendable amounts not contained in other classifications. This category also provides the resources necessary to meet any unexpected expenditures and revenue shortfalls.

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. For the classification of fund balances, the District considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance are available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned and, lastly, unassigned.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All interfund transfers are reported as operating transfers.

Jointly Governed Organization

The District is one of eight school districts that are members of the San Juan Board of Cooperative Educational Services (the BOCES). The BOCES is a regional education service unit created under the Board of Cooperative Services Act of 1965 of the Colorado Revised Statutes (CRS). The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. A board, made up of representatives from each member district's board, governs the BOCES. The governing board is autonomous as to budgeting and fiscal matters. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained at www.sjboces.org.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses. Actual results could differ from these estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Budgets are required by Colorado State Statute for all funds. In April, the Superintendent of Schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds. The appropriated budget is prepared by fund.

The District's department heads may not make transfers of appropriations. The legal level of control is the fund level.

Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Education.

Variances between budget and actual results can arise from the nonexpenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

2. Cash, Cash Equivalents And Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government 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 PDPA. 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. As of June 30, 2022, the District had bank deposits of \$1,504,400, of which \$268,940 was covered by the Federal Deposit Insurance Corporation and the remainder was covered by PDPA.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Investments

The District follows the Colorado State Statute investment requirements. Beyond Colorado State Statute requirements, the District does not have a written investment policy that limits the District's allowable deposits or investments and addresses the specific types of risk to which the District is exposed.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agencies' securities
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Corporate bonds holding one of the two highest credit rating categories
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

As of June 30, 2022, the District has invested \$9,624,285 in Colorado Government Liquid Asset Trust (ColoTrust), a local government investment pool. Investments in ColoTrust are measured at net asset value, which approximates fair value, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. ColoTrust does not have any unfunded commitments, redemption restrictions or redemption notice periods. ColoTrust is rated AAAM by Standard and Poor's. ColoTrust's financial statements are available at www.colotrust.com.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

As of June 30, 2022, the District had no investments required to be categorized in the fair value hierarchy.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. Colorado State Statutes limit investment maturities to five years or less without governing board maturity. Based on the current rate environment, the District assumes investments will be held to maturity. As of June 30, 2022, no coupon and discount securities had investment maturities greater than five years.

Credit Risk - Colorado State Statutes limit investments in U.S. agency securities to the highest rating issued by nationally recognized statistical rating organizations. Colorado State Statutes limit investments in corporate and bank securities to those with ratings of AA- or Aa3 and above. The District's policy is to invest in financial institutions that qualify as an eligible public depository in accordance with state law. ColoTrust is rated AAA.

Concentration Of Credit Risk - Colorado State Statutes do not limit the amount the District may invest in one issuer. The District does not have a formal investment policy that places limits in amounts invested in a single issuer.

3. Inter-fund Balances

The interfund receivable and payable relate to temporary borrowings in the District pooled cash accounts.

The inter-fund transfers related to budgeted transfer from General Fund to the Capital Projects Fund to support capital-related expenditure.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

4. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance				Balance
	July 1, 2021	Additions	Deletions	Transfers	June 30, 2022
Nondepreciable Capital Assets					
Land	\$ 1,582,426	\$ —	\$ —	\$ —	\$ 1,582,426
Construction in progress	139,383	—	—	—	139,383
Total Nondepreciable Capital Assets	1,721,809	—	—	—	1,721,809
Depreciable Capital Assets					
Buildings	76,391,120	72,570	—	—	76,463,690
Vehicles and equipment	4,163,185	342,940	—	—	4,506,125
Improvements	712,390	14,500	—	—	726,890
Total Assets Being Depreciated	81,266,695	430,010	—	—	81,696,705
Accumulated Depreciation	(27,424,478)	(2,400,770)	—	—	(29,825,248)
Total Depreciable Capital Assets	53,842,217	(1,970,760)	—	—	51,871,457
Capital Assets, Net	\$ 55,564,026	\$ (1,970,760)	\$ —	\$ —	\$ 53,593,266

Depreciation expense of the governmental activities was charged to Support Services within the statement of activities.

5. Long-Term Obligations

During the period ended June 30, 2022, the following changes occurred in liabilities reported as long-term debt:

	Balance			Balance		Current
	July 1, 2021	Additions	Deletions	June 30, 2022		
Bonds Payable						
General Obligations:						
Series 2012	\$ 4,385,000	\$ —	\$ —	\$ 4,385,000	\$ —	
Series 2013	6,770,000	—	760,000	6,010,000	775,000	
Series 2015 refunding	1,005,000	—	115,000	890,000	115,000	
Series 2016	26,030,000	—	730,000	25,300,000	770,000	
Total Bonds	38,190,000	—	1,605,000	36,585,000	1,660,000	
Bond premiums	2,809,941	—	213,986	2,595,955	213,986	
Compensated absences	390,348	335,070	459,139	266,279	78,810	
Total	\$ 41,390,289	\$ 335,070	\$ 2,278,125	\$ 39,447,234	\$ 1,952,796	

Compensated absences of the governmental activities are expected to be liquidated with revenues of the General and Food Service Funds.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

General Obligation Bonds, Series 2012

Bonds were issued December 28, 2012 totaling \$4,385,000. Proceeds of these bonds were to finance the acquisition, construction and equipping of certain capital improvements, as approved by voters in the November 2012 election. The bonds are payable in denominations of \$5,000, and the interest rate is 4.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2029 and each year thereafter to 2032.

General Obligation Bonds, Series 2013

Bonds were issued April 24, 2013 totaling \$7,515,000. Proceeds of these bonds were to finance the acquisition, construction and equipping of certain capital improvements, as approved by voters in the November 2012 election. The bonds are payable in denominations of \$5,000, and interest rates range from 2.0% to 4.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2020 and each year thereafter to 2028.

General Obligation Refunding Bonds, Series 2015

Bonds were issued November 18, 2015 totaling \$3,535,000. Proceeds of these bonds were to establish an escrow sufficient to refund the remaining balance of the General Obligation Refunding Bonds, Series 2005. The bonds are payable in denominations of \$5,000, and interest rates range from 2.0% to 3.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2016 and each year thereafter to 2028.

General Obligation Bonds, Series 2016

Bonds were issued December 6, 2016 totaling \$28,700,000. Proceeds of these bonds were to finance the acquisition, construction and equipping of certain capital improvements, specifically building a new grade 3 - 5 elementary school, renovating the existing elementary school and making improvements to site safety and security at the existing middle school as approved by voters in the November 2016 election. The bonds are payable in denominations of \$5,000, and interest rates range from 2.0% to 5.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2017 and each year thereafter to 2041.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

Annual debt service requirements to maturity for all outstanding bonds and long-term debt are as follows:

Fiscal Year Ending				
June 30, 2022	Principal	Interest	Total	
2023	\$ 1,660,000	\$ 1,594,350	\$	3,254,350
2024	1,715,000	1,529,075		3,244,075
2025	1,795,000	1,453,050		3,248,050
2026	1,870,000	1,372,300		3,242,300
2027 - 2031	10,445,000	5,507,550		15,952,550
2032 - 2036	8,860,000	3,151,525		12,011,525
2037 - 2041	8,355,000	1,273,500		9,628,500
2042	1,885,000	37,700		1,922,700
Total	\$ 36,585,000	\$ 15,919,050	\$	52,504,050

6. Employee Retirement Plan - Defined Benefit Pension Plan

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

Benefits Provided As Of December 31, 2021 - PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement and age at retirement. Retirement eligibility is specified in tables set forth at CRS § 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 following:

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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

- 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
- The amount of \$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 five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in CRS. Subject to the automatic adjustment provision (the AAP) under CRS § 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 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% annual increase 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 annual increase cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Disability benefits are available for eligible employees once they reach 5 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 SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under CRS § 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.

The employer contribution requirements during the period of July 1, 2021 through June 30, 2022 are summarized in the table below.

Employer contribution rate ¹	10.90%
Amount of employer contribution apportioned to HCTF as specified in CRS 24-51-208(1)(f)	<u>-1.02%</u>
Amount apportioned to SCHDTF	9.88%
Amortization equalization disbursement (AED) as specified by CRS 24-51-411	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in CRS 24-51-411	<u>5.50%</u>
Total Employer Contribution Rate To SCHDTF¹	<u>19.88%</u>

¹ Rates are expressed as a percentage of salary as defined in CRS 24-51-101(42)

Employer contributions are recognized by SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SCHDTF. Employer contributions recognized by SCHDTF from the District were \$1,916,172 for the fiscal year ended June 30, 2022.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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 CRS § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of SCHDTF, State Division Trust Fund, Judicial Division Trust Fund and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill 22-1029, instructs the state treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

At June 30, 2022, the District reported a liability of \$17,589,766 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$ 17,589,766
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>2,016,442</u>
Total	<u>\$ 19,606,208</u>

At December 31, 2021, the District's portion was 0.17511%, which was a decrease of 0.0198% from its portion measured at December 31, 2020.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

For the year ended June 30, 2022, the District recognized pension benefit of \$7,517,192. 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
Differences between expected and actual experience	\$ 673,410	\$ —
Changes of assumptions	1,342,848	—
Net difference between projected and actual earnings on pension plan investments	—	6,613,224
Changes in proportion and differences between District contributions and proportionate share of contributions	1,772,631	2,694,602
District's contributions subsequent to the measurement date	981,480	—
Total	\$ 4,770,369	\$ 9,307,826

The amount of \$981,480 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 benefit (expense) as follows:

Fiscal Year Ending June 30, 2022	Total
2023	\$ 484,961
2024	2,294,749
2025	1,936,523
2026	802,704
Total	\$ 5,518,937

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after December 31, 2006 ¹	Financed by AIR

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the annual increase 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.

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

Post-retirement nondisabled-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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Post-retirement nondisabled 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 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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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	100.00%	

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 rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in 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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

- 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 AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial and DPS Division Trust Funds based upon the covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase 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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Based on the above assumptions and methods, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond 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	Current	1% Increase
	(6.25%)	Discount Rate	(8.25%)
		(7.25%)	
Proportionate share of the net pension liability	\$ 25,890,696	\$ 17,589,766	\$ 10,662,949

Pension Plan Fiduciary Net Position - Detailed information about SCHDTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

7. Employee Retirement Plan - Defined Benefit OPEB Plan

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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Benefits Provided - 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 DPS Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between 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.

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

Enrollment in PERACare health benefits 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-base subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5.00% 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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, CRS § 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 HCTF or 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 5.00% 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, HCTF or DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of CRS, as amended, certain contributions are apportioned to 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 HCTF.

Employer contributions are recognized by 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 HCTF from the District were \$97,823 for the year ended June 30, 2022.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB

At June 30, 2022, the District reported a liability of \$851,348 for its proportionate share of the net OPEB liability. The net OPEB liability for HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to HCTF for the calendar year 2021 relative to the total contributions of participating employers to HCTF.

At December 31, 2021, the District's proportion was 0.0987%, which was a decrease of 0.0001% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB benefit of \$82,141. 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
Differences between expected and actual experience	\$ 5,112	\$ 200,960
Changes of assumptions	13,807	46,989
Net difference between projected and actual earnings on OPEB plan investments	—	52,676
Changes in proportion and differences between District contributions and proportionate share of contributions	2,794	32,803
District's contributions subsequent to the measurement date	50,358	—
Total	\$ 72,071	\$ 333,428

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

The amount of \$50,358 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:

Fiscal Year	
Ended June 30, 2022	
2023	\$ 84,586
2024	93,960
2025	84,026
2026	40,018
2027	7,995
Thereafter	1,130
Total	\$ 311,715

Actuarial Assumptions

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

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	3.40% - 11.00%
State Troopers	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:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.5% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.5% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*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 (actual dollars) are assumed for 2021 for the PERA benefit structure:

Medicare Plan	Cost For Members Without Medicare Part A	Premiums For Members Without Medicare Part A	Monthly Cost Adjusted To Age 65
Medicare Advantage/Self-Insured Rx	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are references 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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

<u>Year</u>	<u>PERACare Medicare Plan</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%

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 total OPEB liability for HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in HCTF.

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

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

Pre-retirement nondisabled 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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Post-retirement nondisabled mortality assumptions for the School Divisions 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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

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

<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	100.00%	

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%.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Health Care Cost Trend Rates

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

	<u>1% Decrease In Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase In Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	\$ 826,572	\$ 851,348	\$ 879,321

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021 measurement date
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into 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 in the middle of the year.

Based on the above assumptions and methods, HCTF's fiduciary net position 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 988,360	\$ 851,348	\$ 733,691

OPEB Fiduciary Net Position

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

8. Defined Contribution Benefit Plan

Plan Description

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

Funding Policy

The Plan 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 CRS, as amended. There is no employer match. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$33,641 to the Plan.

9. Tax, Spending And Debt Limitation

In November 1992, Colorado voters approved TABOR, containing tax, spending and debt limitations on the State and local governments. TABOR limits increases in revenues and expenditures to the rate of inflation and local growth. In November 2001, a majority of the District's electors authorized the District to collect and spend or retain, in a reserve, all currently levied taxes and other revenue of the District without regard to any limitations under TABOR. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this amendment. TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. The amount restricted at June 30, 2022 for this purpose was \$496,375.

10. Commitments And Contingencies

Litigation

The District is occasionally involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The District believes the ultimate disposition of the actions will not have a material effect on the financial statements.

Grants

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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

11. Risk And Uncertainty

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District has property and casualty insurance with the Colorado School Districts Self-Insurance Pool (the Pool), which shares risks among its members. Participation in the Pool is approved by and managed under regulations promulgated by the Colorado State Insurance Division of Regulatory Agencies. The District pays an annual premium to the Pool for its general property and liability insurance coverage. The agreement with the Pool ensures that the Pool will be self-sustaining through member premiums. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

12. Restatement Of Beginning Fund Balance

The District omitted charging indirect overhead costs to the Food Service Fund from the General Fund. The omission resulted in an overstatement of fund balance in the prior period.

The restatement had the following impact on previously reported balances:

	General Fund		
	2021 As Previously Stated	Overhead Adjustment	2021 Restated
Fund Balance	\$ 5,897,311	\$ 84,000	\$ 5,981,311

	Food Service Fund		
	2021 As Previously Stated	Overhead Adjustment	2021 Restated
Fund Balance	\$ 155,561	\$ (84,000)	\$ 71,561

Required Supplementary Information

Major Funds

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For The Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 4,604,000	\$ 4,406,700	\$ 4,561,719	\$ 155,019
Intergovernmental revenue:				
Federal	582,851	665,212	777,515	112,303
State sources:				
Equalization	10,761,200	10,664,800	10,764,875	100,075
Other state	799,400	1,140,800	1,038,493	(102,307)
Other revenue from local sources	—	—	100,000	100,000
Miscellaneous revenue:				
Interest	10,000	1,500	12,084	10,584
Other	147,600	416,905	161,327	(255,578)
Total Revenues	16,905,051	17,295,917	17,416,013	120,096
Expenditures				
Instruction	9,468,592	9,775,380	9,109,209	666,171
Supporting services:				
Instruction	633,415	747,780	615,225	132,555
Students	653,824	666,324	632,342	33,982
General administration	676,573	893,701	919,078	(25,377)
School administration	1,263,767	1,355,244	1,363,368	(8,124)
Business services	218,068	224,868	201,550	23,318
Operations and maintenance of plant	1,916,763	1,992,017	1,996,456	(4,439)
Student transportation	664,413	686,068	630,133	55,935
Central services	893,317	1,161,298	855,783	305,515
Capital outlay	130,400	172,270	229,310	(57,040)
Total Expenditures	16,519,132	17,674,950	16,552,454	1,122,496
Excess (Deficiency) Of Revenues Over Expenditures	385,919	(379,033)	863,559	1,242,592
Other Financing Sources (Uses)				
Transfers out	(186,500)	(111,500)	(111,500)	—
Changes In Fund Balance	199,419	(490,533)	752,059	1,242,592
Fund Balance - Beginning Of Year	5,071,829	5,981,311	5,981,311	—
Fund Balance - End Of Year	\$ 5,271,248	\$ 5,490,778	\$ 6,733,370	\$ 1,242,592

Notes to Required Supplementary Information:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY For The Year Ended December 31, 2021 Employee Pension Plan Year Eight**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.151149029%	0.170920796%	0.152801277%	0.156165067%	0.183057484%	0.180868633%	0.181097114%	0.180734064%
District's proportionate share of the net pension liability	\$ 17,589,766	\$ 25,839,777	\$ 22,828,179	\$ 27,652,233	\$ 59,194,285	\$ 53,851,587	\$ 27,697,525	\$ 24,496,537
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,016,442	—	2,895,465	3,326,241	—	—	—	—
Total	\$ 19,606,208	\$ 25,839,777	\$ 25,723,644	\$ 30,978,474	\$ 59,194,285	\$ 53,851,587	\$ 27,697,525	\$ 24,496,537
District's covered payroll	\$ 9,446,317	\$ 9,139,873	\$ 8,978,012	\$ 8,584,204	\$ 9,113,338	\$ 9,089,658	\$ 8,202,664	\$ 7,914,626
District's proportionate share of the net pension liability as a percentage of its covered payroll	186%	283%	254%	322%	650%	592%	338%	309%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.84%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN

For The Year Ended June 30, 2022

Employee Pension Plan

Year Eight**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,916,172	\$ 1,860,734	\$ 1,638,016	\$ 1,780,825	\$ 1,697,838	\$ 1,576,024	\$ 1,470,551	\$ 1,424,582
Contributions in relation to the contractually required contribution	(1,916,172)	(1,860,734)	(1,638,016)	(1,780,825)	(1,697,838)	(1,576,024)	(1,470,551)	(1,424,582)
Contribution Deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
District's covered payroll	\$ 9,520,846	\$ 9,276,759	\$ 9,073,047	\$ 8,415,685	\$ 8,259,771	\$ 8,238,995	\$ 7,742,279	\$ 7,554,567
Contributions as a percentage of covered payroll	20.13%	20.06%	18.05%	21.16%	20.56%	19.13%	18.99%	18.86%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HCTF For The Year Ended December 31, 2021 Year Five**

	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.098690257%	0.098836577%	0.099849073%	0.101495985%	0.104012493%
District's proportionate share of the net OPEB liability	\$ 851,348	\$ 939,170	\$ 1,122,302	\$ 1,380,896	\$ 1,351,747
District's covered payroll	\$ 9,446,317	\$ 9,139,873	\$ 8,978,012	\$ 8,584,204	\$ 9,113,338
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	10.28%	12.50%	16.09%	14.83%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE OPEB PLAN - HCTF For The Year Ended June 30, 2022 Year Five**

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 97,823	\$ 95,471	\$ 86,210	\$ 94,850	\$ 44,272
Contributions in relation to the contractually required contribution	(97,823)	(95,471)	(86,210)	(94,850)	(44,272)
Contribution Deficiency	\$ —	\$ —	\$ —	\$ —	\$ —
District's covered payroll	\$ 9,520,846	\$ 9,276,759	\$ 9,073,047	\$ 8,415,685	\$ 8,259,771
Contributions as a percentage of covered payroll	1.03%	1.03%	0.95%	1.13%	0.54%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

1. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

2. Expenditures/Expenses In Excess Of Appropriations

Colorado's budget law requires that expenditures and transfers for a department or fund cannot exceed the appropriations for that department or fund. Appropriations for a department or fund may be increased, provided unanticipated resources offset them.

The budget is controlled at the category line item level within each division within each fund. However, the legal level of appropriation is at the fund level. If the division expenditures exceed the division budget by more than \$500, then the expenditures are deemed to be in excess of the appropriations.

Supplementary Information

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

Assets						
Special Revenue Funds						
	Governmental Designated- Purpose Grants Fund	Food Service Fund	Student Activities Fund	Capital Projects Fund	Total Nonmajor Governmental Fund	
Cash, cash equivalents and investments	\$ —	\$ 329,728	\$ 389,156	\$ 144,452	\$ 863,336	
Receivables						
Grants	63,893	—	—	—	63,893	
Other	—	777	—	—	777	
Inventories	—	32,490	—	—	32,490	
Total Assets	\$ 63,893	\$ 362,995	\$ 389,156	\$ 144,452	\$ 960,496	
Liabilities And Fund Balance						
Liabilities						
Accounts payable	\$ —	\$ 19,818	\$ 9,900	\$ —	\$ 29,718	
Interfund payable	25,500	—	—	—	25,500	
Accrued salaries payable	38,393	185	—	—	38,578	
Unearned revenue	—	220,070	—	—	220,070	
Total Liabilities	63,893	240,073	9,900	—	313,866	
Fund Balance						
Nonspendable	—	32,490	—	—	32,490	
Restricted	—	90,432	379,256	—	469,688	
Assigned	—	—	—	144,452	144,452	
Total Fund Balance	—	122,922	379,256	144,452	646,630	
Total Liabilities And Fund Balance	\$ 63,893	\$ 362,995	\$ 389,156	\$ 144,452	\$ 960,496	

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2022**

	Special Revenue Funds				Total Nonmajor Governmental Fund
	Governmental Designated- Purpose Grants Fund	Food Service Fund	Student Activities Fund	Capital Projects Fund	
Revenues					
Intergovernmental:					
Federal	\$ 261,145	\$ 707,865	\$ —	\$ —	\$ 969,010
State	474,052	—	—	—	474,052
Charges for services	—	38,054	—	—	38,054
Student activities	—	—	333,209	—	333,209
Other	—	13,307	—	21,645	34,952
Total Revenues	735,197	759,226	333,209	21,645	1,849,277
Expenditures					
Instruction	383,837	—	—	—	383,837
Supporting service	315,430	—	—	46,978	362,408
Transportation	—	—	—	—	—
Food and milk and personnel	—	707,865	—	—	707,865
Student activities	—	—	298,511	—	298,511
Capital outlay	35,930	—	—	164,770	200,700
Total Expenditures	735,197	707,865	298,511	211,748	1,953,321
Excess (Deficiency) Of Revenues Under Expenditures	—	51,361	34,698	(190,103)	(104,044)
Other Financing Sources					
Transfers in	—	—	—	111,500	111,500
Changes In Fund Balance	—	51,361	34,698	(78,603)	7,456
Fund Balance - Beginning Of Year, As Restated	—	71,561	344,558	223,055	639,174
Fund Balance - End Of Year	\$ —	\$ 122,922	\$ 379,256	\$ 144,452	\$ 646,630

Nonmajor Governmental Funds

Governmental Designated Purpose Grants Fund - This fund is used to account for revenues and expenditures from federal, state and local grants.

Food Service Fund - This fund is used to account for the operations of the District's school lunch program.

Student Activities Fund - This fund is a special revenue fund used to account for the operations of student athletics, clubs and other related activities.

Capital Projects Fund - This fund is used to account for the revenues allocated for capital expenditures, except for those projects related to the issuance of debt approved in the November 2012 and November 2016 elections.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For The Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Intergovernmental:				
Federal	\$ 280,840	\$ 321,648	\$ 261,145	\$ (60,503)
State	487,500	487,500	474,052	(13,448)
Total Revenues	768,340	809,148	735,197	(73,951)
Expenditures				
Instruction	446,782	427,824	383,837	43,987
Supporting services	321,558	381,324	315,430	65,894
Capital outlay	—	—	35,930	(35,930)
Total Expenditures	768,340	809,148	735,197	73,951
Net Change In Fund Balance	—	—	—	—
Fund Balance - Beginning Of Year	—	—	—	—
Fund Balance - End Of Year	\$ —	\$ —	\$ —	\$ —

Notes to Supplementary Information:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
FOOD SERVICE FUND****For The Year Ended June 30, 2022**

	Original Budget	Amended Budget	Actual (Unfavorable)	Variance Favorable
Revenues				
Charges for services	\$ 220,500	\$ 47,500	\$ 38,054	\$ (9,446)
Federal grants	249,000	752,600	707,865	(44,735)
Other	11,000	3,650	13,307	9,657
Total Revenues	480,500	803,750	759,226	(44,524)
Expenditures				
Food and milk and personnel	515,097	732,302	707,865	24,437
Excess Of Revenue Over Expenditures	(34,597)	71,448	51,361	(68,961)
Other Financing Sources				
Transfers in	30,000	—	—	—
Changes In Fund Balance	(4,597)	71,448	51,361	(68,961)
Fund Balance - Beginning Of Year, As Restated	10,331	71,561	71,561	—
Fund Balance - End Of Year	\$ 5,734	\$ 143,009	\$ 122,922	\$ (68,961)

Notes to Supplementary Information:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
STUDENT ACTIVITIES FUND
For The Year Ended June 30, 2022**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Student activities	\$ 400,000	\$ 400,000	\$ 333,209	\$ (66,791)
Expenditures				
Student activities	400,000	400,000	298,511	101,489
Changes In Fund Balance	—	—	34,698	(168,280)
Fund Balance - Beginning Of Year	322,528	344,558	344,558	—
Fund Balance - End Of Year	\$ 322,528	\$ 344,558	\$ 379,256	\$ (168,280)

Notes to Supplementary Information:

The basis of budgeting is the same as GAAP.
This schedule is presented on a GAAP basis.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND****For The Year Ended June 30, 2022**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other	\$ 9,528	\$ 9,528	\$ 21,645	\$ 12,117
Expenditures				
Supporting services	46,500	46,500	46,978	(478)
Capital outlay	135,000	180,000	164,770	15,230
Total Expenditures	181,500	226,500	211,748	14,752
Deficiency Of Revenues Under Expenditures	(171,972)	(216,972)	(190,103)	(2,635)
Other Financing Sources				
Transfers in	156,500	111,500	111,500	—
Changes In Fund Balance	(15,472)	(105,472)	(78,603)	26,869
Fund Balance - Beginning Of Year	210,231	223,055	223,055	—
Fund Balance - End Of Year	\$ 194,759	\$ 117,583	\$ 144,452	\$ 26,869

Notes to Supplementary Information:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

Major Funds

Debt Service Fund - This fund is used to account for the accumulation of resources for payment of general obligation long-term debt principal and interest. Revenues are based upon a property tax mill levy set by the School Board to redeem the District's bonded indebtedness

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND****For The Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 3,342,090	\$ 3,342,090	\$ 3,328,564	\$ (13,526)
Interest income	1,250	200	4,801	4,601
Total Revenues	3,343,340	3,342,290	3,333,365	(8,925)
Expenditures				
Debt service:				
Principal	1,605,000	1,605,000	1,605,000	—
Interest and fees	1,651,900	1,651,900	1,651,001	899
Total Expenditures	3,256,900	3,256,900	3,256,001	899
Changes In Fund Balance	86,440	85,390	77,364	(8,026)
Fund Balance - Beginning Of Year	2,603,066	2,623,406	2,623,406	—
Fund Balance - End Of Year	\$ 2,689,506	\$ 2,708,796	\$ 2,700,770	\$ (8,026)

Notes to Supplementary Information:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.



Colorado Department of Education

Auditors Integrity Report

District: 1530 - Bayfield 10 Jt-R

Fiscal Year 2021-22

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	5,977,264	16,798,427	16,042,320	6,733,371
18 Risk Mgmt Sub-Fund of General Fund	3,847	225,999	229,846	0
19 Colorado Preschool Program Fund	199	280,093	280,292	0
Sub- Total	5,981,310	17,304,519	16,552,458	6,733,371
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	71,563	759,225	707,865	122,923
22 Govt Designated-Purpose Grants Fund	0	735,197	735,197	0
23 Pupil Activity Special Revenue Fund	344,558	333,209	298,511	379,256
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,623,406	3,333,365	3,256,000	2,700,771
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	223,055	133,145	211,748	144,452
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	9,243,892	22,598,660	21,761,779	10,080,773
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.