

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**

**FINANCIAL STATEMENTS**  
**With Independent Auditors' Report**

**Year Ended June 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Salida School District Number R-32-J

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salida School District Number R-32-J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Salida School District Number R-32-J, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### ***Adoption of new accounting standard***

As described in Note 1 to the financial statements, effective July 1, 2020, Salida School District Number R-32-J adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salida School District Number R-32-J's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, on our consideration of the Salida School District Number R-32-J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Salida School District Number R-32-J's internal control over financial reporting and compliance.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 20, 2021

# **Salida School District R-32-J**

## **Management's Discussion and Analysis**

**Fiscal Year Ended June 30, 2021**

As management of Salida School District R-32-J (the "District") we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of District for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

### **Financial Highlights**

For the year ended June 30, 2021 the General Fund's fund balance increased by \$674,204.

The General Fund operations of the District are funded primarily by tax revenue received under the State School Finance Act (the Act) in the amount of \$10,075,038 and total revenue for the year was \$15,047,640.

### **Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### ***Government-Wide Financial Statements***

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

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

The governmental activities of the District include instruction and support services of the District.

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of yearend).

## ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

## ***Notes to Financial Statements***

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

## **Government-wide Financial Analysis**

For the year ended June 30, 2021 the District's net position is \$5,618,589. The negative unrestricted net position of (\$23,577,800) is due primarily to the adoption of GASB Statement No. 68, resulting from a net pension liability of \$29,031,649, representing the District's proportionate share of PERA's net pension liability. The District's net investment in capital assets is \$25,548,076. In addition, \$29,857 is restricted for Colorado Preschool and Salida Head Start; \$2,002,526 is restricted for debt service; \$662,913 is restricted for Capital Renewal; and \$478,088 is restricted for emergencies under TABOR.

### **Statement of Net Position**

	GOVERNMENTAL ACTIVITIES	
	2019-2020	2020-2021
ASSETS		
Current Assets	\$ 10,395,325	\$ 10,179,889
Capital Assets, Net of Accumulated Depreciation	<u>45,832,784</u>	<u>44,493,029</u>
TOTAL ASSETS	<u>56,228,109</u>	<u>54,672,918</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,202,424</u>	<u>13,448,202</u>
LIABILITIES		
Current Liabilities	2,491,755	1,118,441
Noncurrent Liabilities	<u>43,448,436</u>	<u>49,669,561</u>
TOTAL LIABILITIES	<u>45,940,191</u>	<u>50,788,002</u>
DEFERRED INFLOWS OF RESOURCES	<u>13,201,130</u>	<u>11,714,529</u>
NET POSITION		
Net Investment in Capital Assets	25,567,391	25,548,076
Restricted	3,060,340	3,648,313
Unrestricted	<u>-28,338,519</u>	<u>-23,577,800</u>
TOTAL NET POSITION	<u>\$ 289,212</u>	<u>\$ 5,618,589</u>



Governmental activities increased the District's net position by \$5,329,647, primarily due to PERA pension related items.

	GOVERNMENTAL ACTIVITIES	
	2019-2020	2020-2021
Program revenues:		
Charges for service	\$ 142,892	\$ 109,671
Operating grants & contributions	3,381,240	5,029,840
Capital Grants & contributions	0	0
General revenues:		
Property Taxes	8,183,633	8,363,433
Specific ownership taxes	999,154	1,070,860
State equalization	6,318,428	5,409,418
Grants & Contributions not Restricted to Spec. Program	444,815	28,855
Other revenues	492,087	861,256
Earnings on Investments	73,509	5,494
<b>TOTAL REVENUES</b>	<b>20,035,758</b>	<b>20,878,827</b>
Expenses:		
Instruction	6,980,655	6,635,589
Supporting Services	7,954,314	7,655,080
Food Service	585,675	646,970
Interest and Fiscal Charges	682,249	979,769
<b>TOTAL EXPENSES</b>	<b>16,202,893</b>	<b>15,917,408</b>
<b>CHANGE IN NET POSITION</b>	<b>3,832,865</b>	<b>4,961,419</b>
NET POSITION, Beginning	-3,543,653	289,212
Prior Period Adjustment	0	367,958
<b>NET POSITION, Ending</b>	<b>\$ 289,212</b>	<b>\$ 5,618,589</b>

## Financial Analysis of the District's Funds

**Governmental funds.** The focus of District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of \$8,893,464: General Fund \$5,165,366; Bond Redemption Fund \$2,002,526; and Other Governmental Funds \$2,778,951. This is an increase of \$71,710 from the previous fiscal year primarily from an increase in federal and state revenues due to COVID and an increase in expenditures and salaries for Salida Online School and other COVID expenses.

## **General Fund Budgetary Highlights**

General Fund revenues budgeted was \$14,392,640 and actual revenues were \$15,047,640. The District budgeted for General Fund expenditures of \$16,522,166, for the year ended June 30, 2021. Actual expenditures were \$14,004,897. The differences between the original and final budgets were to adjust for the changes in total instructional costs net of reserves and an increase to COVID revenues. The District ended the year with an increase in the fund balance of \$674,204.

## **Capital Assets**

For the year ended June 30, 2021, the District's significant capital asset activity included moving Spartan Heights from Construction In Progress to Buildings, HVAC units for Salida Middle School and Hot Water Heater for Salida Middle School. Please see Note 5 in the financial statement for more information.

## **Long-Term Debt**

As of June 30, 2021, the District had total long-term debt of \$18,981,318 a decrease of \$1,080,905 from the previous year. Please see Note 7 in the financial statement for more information.

## **Economic Factors and Next Year's Budget**

The primary factor driving the budget for the District is student enrollment and growth in the District. This factor was considered in preparing the District's budget for fiscal year 2020-2021.

## **Requests for Information**

The 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 information should be addressed to:  
Salida School District R-32-J, 627 Oak Street, Salida, CO 81201.

## **BASIC FINANCIAL STATEMENTS**

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 8,856,956
Cash with County Treasurer	173,281
Taxes receivable	468,164
Other receivables	676,263
Inventories and prepaid expenses	5,225
Capital assets, not being depreciated	812,140
Capital assets being depreciated	43,680,889
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Total assets	54,672,918
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	160,738
Deferred pension outflows	12,976,348
Deferred OPEB outflows	311,116
	<hr/>
Total deferred outflows of resources	13,448,202
	<hr/>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	95,669
Accrued salaries and benefits	825,728
Unearned revenue	143,591
Accrued interest	53,453
Long-term liabilities	
Due within one year	1,435,843
Due in more than one year	18,147,769
Net pension liability	29,031,649
Net OPEB liability	1,054,300
	<hr/>
Total liabilities	50,788,002
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	11,375,014
Deferred OPEB inflows	339,515
	<hr/>
Total deferred inflows of resources	11,714,529
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	25,548,076
Restricted for:	
Emergency reserve (TABOR)	478,088
Multi-year obligations	474,929
Capital renewal	662,913
Debt service	2,002,526
Preschool	29,857
Unrestricted	(23,577,800)
	<hr/>
Total net position	\$ 5,618,589
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The accompanying notes are an integral part of these financial statements.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental activities:					
Instruction	\$ 6,635,589	\$ 80,937	\$ 4,525,467	\$ -	\$ (2,029,185)
Supporting services	7,655,080	7,300	84,195	-	(7,563,585)
Food service operations	646,970	21,434	420,178	-	(205,358)
Community services	294,116	-	-	-	(294,116)
Facilities acquisition	35,599	-	-	-	(35,599)
Interest on long-term debt	650,054	-	-	-	(650,054)
Total	<u>\$ 15,917,408</u>	<u>\$ 109,671</u>	<u>\$ 5,029,840</u>	<u>\$ -</u>	<u>(10,777,897)</u>
General revenues:					
Property taxes					8,363,433
Specific ownership taxes					1,070,860
State equalization					5,409,418
Grants and contributions not restricted to specific programs					28,855
Unrestricted investment earnings					5,494
Miscellaneous					<u>861,256</u>
Total general revenues					<u>15,739,316</u>
Change in net position					<u>4,961,419</u>
Net position - beginning, as originally stated					289,212
Prior period adjustment					<u>367,958</u>
Net position - beginning, as restated					<u>657,170</u>
Net position - ending					<u>\$ 5,618,589</u>

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<b>General Fund</b>	<b>Governmental Designated- Purpose Grants Fund</b>	<b>Bond Redemption Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$ 4,722,358	\$ 408,514	\$ 1,916,847	\$ 1,077,630	\$ 731,607	\$ 8,856,956
Cash with County Treasurer	149,499	-	23,782	-	-	173,281
Taxes receivable	350,448	-	117,716	-	-	468,164
Intergovernmental receivables	-	515,126	-	-	-	515,126
Other receivables	120,288	-	-	-	40,849	161,137
Due from other funds	811,635	-	-	-	-	811,635
Inventories and prepaids	-	-	-	-	5,225	5,225
Total assets	<u>\$ 6,154,228</u>	<u>\$ 923,640</u>	<u>\$ 2,058,345</u>	<u>\$ 1,077,630</u>	<u>\$ 777,681</u>	<u>\$ 10,991,524</u>
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	\$ 90,756	\$ 2,164	\$ -	\$ -	\$ 2,749	\$ 95,669
Accrued salaries and benefits	684,279	124,393	-	-	17,056	825,728
Due to other funds	-	701,701	-	-	109,934	811,635
Unearned revenue	48,209	95,382	-	-	-	143,591
Total liabilities	<u>823,244</u>	<u>923,640</u>	<u>-</u>	<u>-</u>	<u>129,739</u>	<u>1,876,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	165,618	-	55,819	-	-	221,437
Total deferred inflows of resources	<u>165,618</u>	<u>-</u>	<u>55,819</u>	<u>-</u>	<u>-</u>	<u>221,437</u>
<b>FUND BALANCES</b>						
Nonspendable for:						
Inventories and prepaid expenses	-	-	-	-	5,225	5,225
Restricted for:						
Emergency reserve (TABOR)	478,088	-	-	-	-	478,088
Muilti-year obligations	474,929	-	-	-	-	474,929
Capital renewal	-	-	-	662,913	-	662,913
Debt service	-	-	2,002,526	-	-	2,002,526
Preschool	29,857	-	-	-	-	29,857
Committed for:						
Food service operations	-	-	-	-	5,956	5,956
Pupil Activities	-	-	-	-	419,319	419,319
Preschool activities	-	-	-	-	217,442	217,442
Capital projects	-	-	-	414,717	-	414,717
Unassigned	4,182,492	-	-	-	-	4,182,492
Total fund balances	<u>5,165,366</u>	<u>-</u>	<u>2,002,526</u>	<u>1,077,630</u>	<u>647,942</u>	<u>8,893,464</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,154,228</u>	<u>\$ 923,640</u>	<u>\$ 2,058,345</u>	<u>\$ 1,077,630</u>	<u>\$ 777,681</u>	<u>\$ 10,991,524</u>

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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

Total fund balance - governmental funds		\$ 8,893,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$ 812,140	
Capital assets, net of depreciation	<u>43,680,889</u>	44,493,029
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		221,437
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges on refunding	\$ 160,738	
Net pension liabilities	(29,031,649)	
Pension outflows	12,976,348	
Pension inflows	(11,375,014)	
Net OPEB liabilities	(1,054,300)	
OPEB outflows	311,116	
OPEB inflows	(339,515)	
Accrued interest	(53,453)	
Compensated absences	(477,921)	
Bonds payable	<u>(19,105,691)</u>	<u>(47,989,341)</u>
Net position of governmental activities in the statement of net position		<u><u>\$ 5,618,589</u></u>

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Governmental Designated- Purpose Grants Fund</b>	<b>Bond Redemption Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Local sources	\$ 7,785,666	\$ 294,230	\$ 2,130,562	\$ 503	\$ 630,691	\$ 10,841,652
State sources	5,993,585	529,697	-	-	3,761	6,527,043
Federal sources	1,268,389	1,994,791	-	-	416,417	3,679,597
Total revenues	15,047,640	2,818,718	2,130,562	503	1,050,869	21,048,292
<b>EXPENDITURES</b>						
Instruction	7,661,926	1,005,440	-	40,557	495,479	9,203,402
Supporting services	6,287,690	1,484,596	-	40	40,545	7,812,871
Food service operations	55,281	34,452	-	-	569,626	659,359
Community services	-	294,230	-	-	-	294,230
Facilities acquisition and construction	-	-	-	79,255	2,644	81,899
Debt service	-	-	2,111,135	-	-	2,111,135
Total expenditures	14,004,897	2,818,718	2,111,135	119,852	1,108,294	20,162,896
Excess (deficiency) of revenues over expenditures	1,042,743	-	19,427	(119,349)	(57,425)	885,396
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	70,689	-	214,466	154,073	439,228
Transfers out	(368,539)	-	-	-	(70,689)	(439,228)
Proceeds from the sale of bonds	-	-	2,980,000	-	-	2,980,000
Payments to escrow agents	-	-	(2,912,762)	-	-	(2,912,762)
Total other financing sources (uses)	(368,539)	70,689	67,238	214,466	83,384	67,238
Net change in fund balances	674,204	70,689	86,665	95,117	25,959	952,634
Fund balances - beginning	4,491,162	(70,689)	1,915,861	982,513	621,983	7,940,830
Fund balances - ending	\$ 5,165,366	\$ -	\$ 2,002,526	\$ 1,077,630	\$ 647,942	\$ 8,893,464

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



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances - total governmental funds:	\$	952,634
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 80,167		
Depreciation	(1,419,922)		(1,339,755)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		(169,466)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal	\$ 1,385,905		
Payment to escrow agent	2,912,762		
Proceeds from bonds	(2,980,000)		
Interest expense	6,752		
Amortization of deferred on refunding	(12,859)		
Amortization of bond premium	14,632		1,327,192

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.		62,823
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Certain pension and OPEB 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.

Pension expenses	\$ 4,100,206		
OPEB expenses	27,785		4,127,991

Change in net position of governmental activities	\$	<u>4,961,419</u>
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The accompanying notes are an integral part of these financial statements.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**JUNE 30, 2021**

	<b>Private- Purpose Trust Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 73,036
<b>LIABILITIES</b>	
Accounts payable	\$ -
Payable to primary government	-
Payable to student organizations	-
Total liabilities	-
<b>NET POSITION</b>	
Held in trust for individuals	
Expendable	\$ 73,036
Total net position	\$ 73,036

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED JUNE, 30 2021**

	<b>Private- Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Investment income	\$ 5,864
Donations	10,000
	<hr/>
Total additions	15,864
	<hr/>
<b>DEDUCTIONS</b>	
Scholarship awards	1,000
	<hr/>
Change in net position	14,864
	<hr/>
Net position - beginning	58,172
	<hr/>
Net position - ending	\$ 73,036
	<hr/> <hr/>

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

## **NOTES TO FINANCIAL STATEMENTS**

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Salida School District Number R-32-J (the District) of Chaffee County and western Fremont County was organized by a vote of qualified electorate in 1958, under the provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with five members and provides educational services to approximately 1,250 students.

The financial statements of Salida School District Number R-32-J have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

*A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

*B. REPORTING ENTITY*

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

*C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The Governmental Designated-Purpose Grants Fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

The *Bond Redemption Fund* accounts for the accumulation of resources restricted for the servicing of the District's general obligation bonds.

*Capital Projects Funds* account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

The Capital Reserve Fund is used to account for purposes and limitations specified by C.R.S. Section 22-45-103 (1)(c), including acquisition of sites, buildings, equipment and vehicles.

Additionally, the District reports the following fund types:

*Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Food Service Fund* accounts for the District's food service program. This fund is required to account for USDA school breakfast and lunch money received by the District.

The *Student Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities. The fund receives subsidies from the General Fund.

The *Preschool Fund* is used to account for locally funded preschool activities.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)*

*Capital Projects Funds* account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

The *Building Fund* is used to account for all resources available for acquiring capital sites, buildings, and equipment.

*Fiduciary Funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has one fiduciary fund:

The *Private Purpose Trust Fund* is used to report any trust arrangement under which the principal and/or income benefit students and the funds are not used as part of the operations of the District.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-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 the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within days of the end of the current fiscal period, with exception of grants which are considered available if collected within 120 days.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)*

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue.

Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION/FUND BALANCE*

*Cash and investments*

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

*Restricted cash and investments*

The use of certain cash and investments of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

*Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Inventories and prepaid items*

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION/FUND BALANCE (CONTINUED)*

*Inventories and prepaid items(continued)*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Capital Assets*

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$5,000 in all funds. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings and improvements, equipment, and vehicles of the government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	7- 50 years
Land improvements	15-25 years
Equipment	5 - 20 years

*Pensions*

Salida School District Number R-32-J participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION/FUND BALANCE (CONTINUED)*

*Health Care Trust Fund*

Salida School District Number R-32-J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred outflows/inflows of resources*

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

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

*Long-term liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION/FUND BALANCE (CONTINUED)*

*Fund balance flow assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. *Fund balance classification*

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*G. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) charges to students and others for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

*Property Taxes*

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 15 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2021 is 21.910 mills for general operating expenses and 7.358 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2021 is \$285,390,811.

*Specific Ownership Taxes*

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

*Compensated Absences*

Employees of the district are entitled to certain compensated absences based on their length of employment. An employee that leaves the district with a minimum of six years of service will be reimbursed for unused sick leave at rates based on length of employment. An employee with a minimum of one year of service will be reimbursed for any unused vacation time at their current pay rate. Accumulated compensated absences are reimbursed upon termination of employment.

The current portion of this liability represents the amounts that would be liquidated with expendable available financial resources and would be recorded in the General Fund.

*H. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*I. ADOPTION OF NEW ACCOUNTING STANDARD*

The School implemented GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2019. This Statement establishes specific criteria for identifying activities that should be reported as fiduciary activities. As a result, net position at June 30, 2020, was restated to reflect the cumulative effect of adopting this standard.

Restatements had the following impact on previously reported balances:

<i>Governmental Activities</i>	
Net Position, June 30, 2020, as originally stated	\$ 289,212
Adoption of new accounting standard	<u>367,958</u>
Net Position, June 30, 2020, as Restated (deficit)	\$ <u>657,170</u>
 <i>Governmental Funds</i>	
Total fund balances, June 30, 2020, as originally stated	\$ 7,572,872
Adoption of new accounting standard	<u>367,958</u>
Fund Balance, June 30, 2020, as Restated	\$ <u>7,940,830</u>

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Board of Education meetings to obtain taxpayers comments.
3. Prior to June 30, the budget is adopted by the Board of Education.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of June 30, 2021 is as follows:

Deposits	\$ 2,343,871
Investments	<u>6,513,085</u>
Total	\$ <u>8,856,956</u>

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

Deposits and investments are reported in the financial statements as follows:

Cash and investments	<u>\$ 8,856,956</u>
----------------------	---------------------

*Cash deposits with financial institutions*

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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.

The carrying amount of the District's deposits at June 30, 2021 was \$2,343,871 and the bank balances were \$2,455,469. Of the bank balances, \$250,000 was covered by federal deposit insurance and \$2,205,469 was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA).

*Investments*

The District is authorized by Colorado statutes to invest in 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' acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

At June 30, 2021 the District's investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
CSAFE	Less than 60 days	\$ 6,513,085	AAAm

Local Government Investment Pools - At June 30, 2021, The District has investments in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pool. The pool operates in conformity with the Securities and exchange Commission's Rule 2a-7. The Pool is measured at the net asset value per share, with each share valued at \$1. The Pools is AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial band provides safekeeping and depository services in connection with the direct investments owned by the participation governments.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Cash deposits with financial institutions (continued)*

Interest Rate Risk – The District has a board approved investment policy that limits investment maturities to five years or less, as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. CSAFE accounts are rated AAAM by Standard and Poors and maintain a constant net asset value of \$1 per share.

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

*Receivables and Payables*

The composition of interfund balances at June 30, 2021 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 811,635	\$ -
Grants Fund	-	701,701
Total Nonmajor Funds	<u>-</u>	<u>109,934</u>
Total	<u>\$ 811,635</u>	<u>\$ 811,635</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

*Interfund transfers*

Interfund transfer activity for the year ended June 30, 2021 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 368,539
Grants Fund	70,689	-
Capital Projects Fund	214,466	-
Total Nonmajor Funds	<u>154,073</u>	<u>70,689</u>
Total	<u>\$ 439,228</u>	<u>\$ 439,228</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land and sites	\$ 776,030	\$ -	\$ -	\$ 776,030
Construction in progress	<u>549,195</u>	<u>55,690</u>	<u>(568,775)</u>	<u>36,110</u>
Total capital assets not being depreciated	<u>1,325,225</u>	<u>55,690</u>	<u>(568,775)</u>	<u>812,140</u>
Capital assets being depreciated:				
Buildings and improvements	55,442,516	546,953	-	55,989,469
Land improvements	687,359	-	-	687,359
Transportation equipment	1,314,019	-	-	1,314,019
Other equipment	<u>1,092,556</u>	<u>46,299</u>	<u>-</u>	<u>1,138,855</u>
Total capital assets being depreciated	<u>58,536,450</u>	<u>593,252</u>	<u>-</u>	<u>59,129,702</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,457,123)	(1,219,362)	-	(13,676,485)
Land improvements	(262,902)	(56,594)	-	(319,496)
Transportation equipment	(539,871)	(68,714)	-	(608,585)
Other equipment	<u>(768,995)</u>	<u>(75,252)</u>	<u>-</u>	<u>(844,247)</u>
Total accumulated depreciation	<u>(14,028,891)</u>	<u>(1,419,922)</u>	<u>-</u>	<u>(15,448,813)</u>
Total capital assets being depreciated, net	<u>44,507,559</u>	<u>(826,670)</u>	<u>-</u>	<u>43,680,889</u>
Governmental activities capital assets, net	<u>\$ 45,832,784</u>	<u>\$ (770,980)</u>	<u>\$ (568,775)</u>	<u>\$ 44,493,029</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

*Governmental Activities*

Instruction	\$ 5,172
Supporting services	1,410,314
Food services	<u>4,436</u>
Total	<u>\$ 1,419,922</u>



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, are \$825,728. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

**NOTE 7 - LONG-TERM LIABILITIES**

*General Obligation Debt*

The District issues general obligation debt to provide funds for the acquisition and construction of major capital facilities. All general obligation debt has been issued for governmental activities.

General Obligation debt payable at June 30, 2021 is as follows:

	<u>Principal Balance</u>
In December 2010, the state of Colorado issued Taxable Qualified School Construction Certificates of Participation, Series 2010D. A portion of the proceeds, in the amount of \$17,961,801, were provided to the District under site lease and sublease agreements to construct a new high school and renovate the existing middle school. In addition, the District was awarded grant funding of \$13,206,780 under the BEST program. Under the sublease agreement, the District is required to make semi-annual base rent payments to the state of Colorado, including interest accruing at 4.082% per annum, through December 1, 2030.	\$ 10,736,318
In December 2012, the District issued \$9,590,000 General Obligation Bonds, Series 2012, to finance construction of a new elementary school. In addition, the District received grant funding of up to \$4,094,712 under the state of Colorado's Building Excellent Schools Today (BEST) program. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 4% per annum. Principal payments are due annually on December 1, from 2018 through 2033.	5,280,000
On July 8, 2020, the district issued Convertible General obligation Refunding Bonds, Series 2020, with an interest rate of 1.9%, to refunding Series 2012 Bonds in the amount of \$2,980,000.	<u>2,965,000</u>
	<u>\$ 18,981,318</u>

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

Annual debt service requirements to maturity for general obligation debt are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 1,435,843	\$ 616,448
2023	1,487,207	558,668
2024	1,545,056	499,008
2025	1,604,450	444,254
2026	1,660,451	387,443
2027-2031	9,213,311	1,003,566
2032-2033	<u>2,035,000</u>	<u>52,670</u>
Total	<u>\$ 18,981,318</u>	<u>\$ 3,562,057</u>

*Compensated Absences*

Accrued discretionary days for all of the District's full-time employees totaled \$477,921 at June 30, 2021. Accrued discretionary days are payable only to full time employees with at least five years of continuous service with the District.

*Changes in Long-Term Liabilities*

The following is a summary of long-term liabilities of the District for the year ended June 30, 2021:

	Balance 06/30/20	Debt Issued And Additions	Reductions	Balance 06/30/21	Due Within One year
<i>Governmental Activities</i>					
General obligation bonds	\$ 8,470,000	\$ 2,980,000	\$ 3,205,000	\$ 8,245,000	\$ 545,000
Unamortized bond premium	<u>203,170</u>	<u>-</u>	<u>78,797</u>	<u>124,373</u>	<u>-</u>
Total bonds payable	8,673,170	2,980,000	3,283,797	8,369,373	545,000
COPs	<u>11,592,223</u>	<u>-</u>	<u>855,905</u>	<u>10,736,318</u>	<u>890,843</u>
Sub-total long-term debt	20,265,393	2,980,000	4,139,702	19,105,691	1,435,843
Compensated absences	<u>540,744</u>	<u>57,333</u>	<u>120,156</u>	<u>477,921</u>	<u>-</u>
Total Governmental Activities	<u>\$ 20,806,137</u>	<u>\$ 3,037,333</u>	<u>\$ 4,259,858</u>	<u>\$ 19,583,612</u>	<u>\$ 1,435,843</u>

Payments on the general obligation debt are made by the debt service fund with property taxes. The compensated absences liabilities are paid by the fund for which the employee worked.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the Salida School District Number R-32-J are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

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

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

*Contributions provisions as of June 30, 2021:* Eligible employees of, Salida School District Number R-32-J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Salida School District Number R-32-J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Salida School District Number R-32-J were \$2,066,107 for the year ended June 30, 2021.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Salida School District Number R-32-J proportion of the net pension liability was based on Salida School District Number R-32-J contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, the Salida School District Number R-32-J reported a liability of \$29,031,649 for its proportionate share of the net pension liability. The amount recognized by the Salida School District Number R-32-J 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 Salida School District Number R-32-J were as follows:

Salida School District Number R-32-J proportionate share of the net pension liability	\$ 29,031,649
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Salida School District Number R-32-J	-
Total	\$ 29,031,649

At December 31, 2020, the Salida School District Number R-32-J proportion was 0.1920338745 percent, which was an increase of 0.0475786125 from its proportion measured as of December 31, 2019.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2021, the Salida School District Number R-32-J recognized pension expense of (\$4,100,206). At June 30, 2021, the Salida School District Number R-32-J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,595,145	\$ -
Changes of assumptions or other inputs	2,792,754	4,879,974
Net difference between projected and actual earnings on pension plan investments	-	6,390,526
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,619,745	104,514
Contributions subsequent to the measurement date	968,704	N/A
Total	\$ 12,976,348	\$ 11,375,014

\$968,704 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (2,112,922)
2023	3,425,835
2024	327,858
2025	(1,008,141)
2026	-
Thereafter	-

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

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

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



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Sensitivity of the Salida School District Number R-32-J proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 39,601,546	\$ 29,031,649	\$ 20,223,441

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

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

*Health Care Trust Fund*

*Plan description.* Eligible employees of the Salida School District Number R-32-J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

C.R.S. § 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.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

*PERA Benefit Structure*

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

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

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

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Salida School District Number R-32-J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Salida School District Number R-32-J were \$106,008 for the year ended June 30, 2021.

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

At June 30, 2021, the Salida School District Number R-32-J reported a liability of \$1,054,300 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Salida School District Number R-32-J proportion of the net OPEB liability was based on Salida School District Number R-32-J contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

At December 31, 2020, the Salida School District Number R-32-J proportion was 0.1109527175 percent, which was an increase of 0.0165579289 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Salida School District Number R-32-J recognized OPEB expense of (\$27,785). At June 30, 2021, the Salida School District Number R-32-J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,798	\$ 231,786
Changes of assumptions or other inputs	7,878	64,649
Net difference between projected and actual earnings on OPEB plan investments	-	43,080
Changes in proportion and differences between contributions recognized and proportionate share of contributions	250,737	-
Contributions subsequent to the measurement date	49,703	N/A
Total	\$ 311,116	\$ 339,515

\$49,703 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (23,685)
2023	(17,658)
2024	(25,572)
2025	(20,066)
2026	8,143
Thereafter	736

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

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

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

	<b>Trust Fund</b>			
	<b>State Division</b>	<b>School Division</b>	<b>Local Government Division</b>	<b>Judicial Division</b>
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% <sup>1</sup>	N/A

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

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

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



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

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

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

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

*Sensitivity of the Salida School District Number R-32-J proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$1,027,050	\$1,054,300	\$1,086,023

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

*Sensitivity of the Salida School District Number R-32-J proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,207,720	\$ 1,054,300	\$ 923,215

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

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; general liability; unemployment; and employee benefit expenses related to health programs. The District provides for these risks through the purchase of commercial insurance in the General Fund. Settled claims resulting from these risks have not exceeded the insurance coverage during any of the last three fiscal years.

**NOTE 11 – JOINT VENTURE**

The District in conjunction with other surrounding districts, created the Mountain Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The District does not have an ongoing financial interest in or responsibility for the BOCES. The Financial Statements can be obtained from office located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

*Claims and Judgments*

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2021, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

*Capital Renewal Reserve*

The District was awarded two Building Excellent Schools Today (BEST) grants from the state of Colorado to construct and improve school buildings. In accordance with the related state statutes, the District is required to establish a capital renewal reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. At a minimum, the District must contribute \$100 per pupil in the impacted facilities annually to the capital renewal reserve. At June 30, 2021, the reserve was reported as restricted fund balance in the Capital Reserve Fund, in the amount of \$662,913.

**NOTE 13 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES**

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

**NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The Amendment requires Emergency Reserves to be established. These reserves must be at least 3 percent of Fiscal Year Spending. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. At June 30, 2021, the District's reserve of \$478,088 was reported as restricted fund balance in the General Fund.

Spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.1920338745%	0.1444552620%	0.1424771094%	0.1478421045%	0.1504065926%	0.1554713240%	0.1560696455%	0.1600700181%
District's proportionate share of the net pension liability (asset)	\$ 29,031,649	\$ 21,581,303	\$ 25,228,499	\$ 47,806,882	\$ 44,781,859	\$ 23,778,241	\$ 21,152,679	\$ 20,416,888
State's proportionate share of the net pension liability (asset) associated with the School	-	2,737,313	3,449,647	-	-	-	-	-
Total	<u>\$ 29,031,649</u>	<u>\$ 24,318,616</u>	<u>\$ 28,678,146</u>	<u>\$ 47,806,882</u>	<u>\$ 44,781,859</u>	<u>\$ 23,778,241</u>	<u>\$ 21,152,679</u>	<u>\$ 20,416,888</u>
District's covered payroll	\$ 10,270,240	\$ 8,487,585	\$ 7,736,800	\$ 6,819,674	\$ 6,750,516	\$ 6,775,403	\$ 6,538,195	\$ 6,452,933
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	254.27%	326.08%	701.01%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

\* The amounts presented for each year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION**  
**JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,066,107	\$ 1,762,718	\$ 1,556,310	\$ 1,331,472	\$ 1,244,517	\$ 1,193,136	\$ 1,138,738	\$ 1,030,687
Contributions in relation to the contractually required contribution	<u>(2,066,107)</u>	<u>(1,762,718)</u>	<u>(1,556,310)</u>	<u>(1,331,472)</u>	<u>(1,244,517)</u>	<u>(1,193,136)</u>	<u>(1,138,738)</u>	<u>(1,030,687)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,392,895	\$ 9,095,339	\$ 8,037,025	\$ 7,048,875	\$ 6,769,979	\$ 6,727,654	\$ 6,741,745	\$ 6,448,488
Contributions as a percentage of covered payroll	19.88%	19.38%	19.36%	18.89%	18.38%	17.73%	16.89%	15.98%

\* The amounts presented for each fiscal year were determined as of 6/30.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**JUNE 30, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.1109527175%	0.0943947886%	0.0926109159%	0.0840019896%
District's proportionate share of the net OPEB liability (asset)	\$ 1,054,300	\$ 1,060,996	\$ 1,260,010	\$ 1,091,690
District's covered payroll	\$ 10,270,240	\$ 8,487,585	\$ 7,736,800	\$ 6,819,674
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.27%	12.50%	16.29%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%

\* The amounts presented for each year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB**  
**JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 106,008	\$ 92,772	\$ 82,981	\$ 71,899
Contributions in relation to the contractually required contribution	<u>(106,008)</u>	<u>(92,772)</u>	<u>(82,981)</u>	<u>(71,899)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered payroll	\$ 10,392,895	\$ 9,095,339	\$ 8,037,025	\$ 7,048,875
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

\* The amounts presented for each fiscal year were determined as of 6/30.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

## **GENERAL FUND**

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund of the District.

Included in this presentation is the Colorado Preschool Sub-Fund of the General Fund. This fund allows the District to separate the accounting and maintain a self-balancing set of records specific to this activity.

The General Fund is deemed to be a major fund for financial reporting purposes.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources:				
Property taxes	\$ 6,071,765	\$ 6,252,912	\$ 6,304,714	\$ 51,802
Specific ownership taxes	900,000	900,000	1,060,987	160,987
Other local sources	513,685	451,501	419,965	(31,536)
Total local sources	7,485,450	7,604,413	7,785,666	181,253
State sources:				
State equalization	5,690,275	5,215,258	5,403,136	187,878
Other state funding	462,826	466,270	590,449	124,179
Total state sources	6,153,101	5,681,528	5,993,585	312,057
Federal sources	389,035	1,106,699	1,268,389	161,690
Total revenues	14,027,586	14,392,640	15,047,640	655,000
<b>EXPENDITURES</b>				
Instruction	8,038,183	8,504,907	7,661,926	842,981
Supporting services:				
Student services	793,807	895,829	690,806	205,023
Instructional staff	603,206	765,274	682,143	83,131
General administration	997,021	1,090,001	862,943	227,058
School administration	1,021,114	993,934	824,752	169,182
Business services	434,575	411,030	409,468	1,562
Operation and maintenance	1,853,058	1,690,485	1,497,727	192,758
Student transportation	407,853	399,532	431,643	(32,111)
Central services	887,746	782,746	708,244	74,502
Other support services	116,736	177,089	179,964	(2,875)
Other uses	246,056	806,753	-	806,753
Food service operations	-	-	55,281	(55,281)
Appropriated reserves	30,535	4,586	-	4,586
Total expenditures	15,429,890	16,522,166	14,004,897	2,517,269
Excess (deficiency) of revenues over expenditures	(1,402,304)	(2,129,526)	1,042,743	3,172,269
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(50,000)	-	(368,539)	(368,539)
Net change in fund balance	(1,452,304)	(2,129,526)	674,204	2,803,730
Fund balance - beginning	4,152,222	4,558,002	4,491,162	(66,840)
Fund balance - ending	\$ 2,699,918	\$ 2,428,476	\$ 5,165,366	\$ 2,736,890

See the accompanying independent auditors' report.

## **GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND**

This fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

For financial reporting purposes, the Governmental Designated-Purpose Grants Fund was determined to be a major fund of the District for the current fiscal year.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 294,230	\$ 294,230
State sources	584,886	609,440	529,697	529,697
Federal sources	1,401,763	2,546,299	1,994,791	(551,508)
Total revenues	1,986,649	3,155,739	2,818,718	272,419
<b>EXPENDITURES</b>				
Instruction	886,649	937,639	1,005,440	(67,801)
Supporting services:				
Student services	300,417	527,005	452,063	74,942
Instructional staff	422,304	749,388	650,696	98,692
General administration	18,577	74,187	47,604	26,583
School administration	65,769	209,572	168,531	41,041
Business services	20,571	79,908	52,714	27,194
Operation and maintenance	15,755	66,089	40,371	25,718
Central services	28,339	102,190	72,617	29,573
Food service operations	13,445	59,462	34,452	25,010
Community services	214,823	350,301	294,230	56,071
Total expenditures	1,986,649	3,155,739	2,818,718	337,021
Excess (deficiency) of revenues over expenditures	-	-	-	609,440
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	70,689	70,689
Net change in fund balance	-	-	70,689	680,129
Fund balance - beginning	-	-	(70,689)	(70,689)
Fund balance - ending	\$ -	\$ -	\$ -	\$ 609,440

See the accompanying independent auditors' report.

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **BOND REDEMPTION FUND**

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**BOND REDEMPTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local sources:			
Property taxes	\$ 2,120,000	\$ 2,119,387	\$ (613)
Specific ownership taxes	-	9,874	9,874
Other local sources	-	1,301	1,301
Total revenues	<u>2,120,000</u>	<u>2,130,562</u>	<u>10,562</u>
<b>EXPENDITURES</b>			
Debt service	2,044,485	2,111,135	(66,650)
Appropriated reserves	<u>1,991,376</u>	<u>-</u>	<u>1,991,376</u>
Total expenditures	<u>4,035,861</u>	<u>2,111,135</u>	<u>1,924,726</u>
Excess (deficiency) of revenues over expenditures	<u>(1,915,861)</u>	<u>19,427</u>	<u>1,935,288</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of bonds	-	2,980,000	2,980,000
Payments to escrow agents	<u>-</u>	<u>(2,912,762)</u>	<u>(2,912,762)</u>
Total other financing sources (uses)	<u>-</u>	<u>67,238</u>	<u>67,238</u>
Net change in fund balance	(1,915,861)	86,665	2,002,526
Fund balance - beginning	<u>1,915,861</u>	<u>1,915,861</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 2,002,526</u></u>	<u><u>\$ 2,002,526</u></u>

See the accompanying independent auditors' report.

## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for significant capital expenditures of the District.

The Capital Projects Fund is deemed to be a major fund for financial reporting purposes.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local sources	\$ 1,800	\$ 503	\$ (1,297)
<b>EXPENDITURES</b>			
Instruction	29,604	40,557	(10,953)
Business services	29	40	(11)
Facilities acquisition and construction	57,852	79,255	(21,403)
Appropriated reserves	1,484,313	-	1,484,313
Total expenditures	1,571,798	119,852	1,451,946
Excess (deficiency) of revenues over expenditures	(1,569,998)	(119,349)	1,450,649
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	587,485	214,466	(373,019)
Net change in fund balance	(982,513)	95,117	1,077,630
Fund balance - beginning	982,513	982,513	-
Fund balance - ending	\$ -	\$ 1,077,630	\$ 1,077,630

See the accompanying independent auditors' report.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. These funds may be required by statute or ordinance and others may be established through resolutions by the Board of Education for purposes of better administration. The District has the following Special Revenue Funds:

#### **Food Service Fund**

This fund accounts for all financial activities associated with the District's school lunch program.

#### **Student Activity Fund**

This fund accounts for the transactions of student organizations and clubs.

#### **Preschool Fund**

This fund accounts for locally funded preschool activities.

### **Capital Projects Fund**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

#### **Building Fund**

This fund is used to account for all resources available for acquiring capital sites, buildings, and equipment.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<b>Special Revenue Funds</b>				
	<b>Food Service Fund</b>	<b>Student Activity Fund</b>	<b>Preschool Fund</b>	<b>Building Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 21,648	\$ 419,319	\$ 290,640	\$ -	\$ 731,607
Other receivables	40,849	-	-	-	40,849
Inventories and prepaids	5,225	-	-	-	5,225
Total assets	<u>\$ 67,722</u>	<u>\$ 419,319</u>	<u>\$ 290,640</u>	<u>\$ -</u>	<u>\$ 777,681</u>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 2,749	\$ -	\$ -	\$ -	\$ 2,749
Accrued salaries and benefits	17,056	-	-	-	17,056
Due to other funds	36,736	-	73,198	-	109,934
Total liabilities	<u>56,541</u>	<u>-</u>	<u>73,198</u>	<u>-</u>	<u>129,739</u>
<b>FUND BALANCES</b>					
Nonspendable	5,225	-	-	-	5,225
Committed for:					
Food service operations	5,956	-	-	-	5,956
Pupil activities	-	419,319	-	-	419,319
Preschool activities	-	-	217,442	-	217,442
Total fund balances	<u>11,181</u>	<u>419,319</u>	<u>217,442</u>	<u>-</u>	<u>647,942</u>
Total liabilities and fund balances	<u>\$ 67,722</u>	<u>\$ 419,319</u>	<u>\$ 290,640</u>	<u>\$ -</u>	<u>\$ 777,681</u>

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Special Revenue Funds</u>				
	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Preschool Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>					
Local sources	\$ 22,633	\$ 553,554	\$ 54,502	2	\$ 630,691
State sources	3,761	-	-	-	3,761
Federal sources	416,417	-	-	-	416,417
Total revenues	442,811	553,554	54,502	2	1,050,869
<b>EXPENDITURES</b>					
Instruction	-	495,479	-	-	495,479
Supporting services	-	6,714	33,831	-	40,545
Food service operations	569,626	-	-	-	569,626
Facilities acquisition and construction	-	-	-	2,644	2,644
Total expenditures	569,626	502,193	33,831	2,644	1,108,294
Excess (deficiency) of revenues over (under) expenditures	(126,815)	51,361	20,671	(2,642)	(57,425)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)	110,000	-	(70,689)	44,073	83,384
Net change in fund balances	(16,815)	51,361	(50,018)	41,431	25,959
Fund balances - beginning	27,996	367,958	267,460	(41,431)	621,983
Fund balances - ending	\$ 11,181	\$ 419,319	\$ 217,442	\$ -	\$ 647,942

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 187,971	\$ 22,633	\$ (165,338)
State sources	6,921	3,761	(3,160)
Federal sources	275,752	416,417	140,665
	<u>470,644</u>	<u>442,811</u>	<u>(27,833)</u>
<b>EXPENDITURES</b>			
Food service operations	<u>608,640</u>	<u>569,626</u>	<u>39,014</u>
Excess (deficiency) of revenues over expenditures	<u>(137,996)</u>	<u>(126,815)</u>	<u>11,181</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net change in fund balance	(27,996)	(16,815)	11,181
Fund balance - beginning	<u>27,996</u>	<u>27,996</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 11,181</u></u>	<u><u>\$ 11,181</u></u>

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**STUDENT ACTIVITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 789,000	\$ 553,554	\$ (235,446)
<b>EXPENDITURES</b>			
Instruction	783,000	495,479	287,521
Supporting services	-	6,714	(6,714)
Appropriated reserves	367,958	-	367,958
Total expenditures	1,150,958	502,193	648,765
Net change in fund balance	(361,958)	51,361	413,319
Fund balance - beginning	367,958	367,958	-
Fund balance - ending	\$ 6,000	\$ 419,319	\$ 413,319

See the accompanying independent auditors' report.



**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**PRESCHOOL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 28,370	54,502	\$ 26,132
<b>EXPENDITURES</b>			
Supporting services	44,258	33,831	10,427
Appropriated reserves	251,572	-	251,572
Total expenditures	295,830	33,831	261,999
Excess (deficiency) of revenues over expenditures	(267,460)	20,671	288,131
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	(70,689)	(70,689)
Net change in fund balance	(267,460)	(50,018)	217,442
Fund balance - beginning	267,460	267,460	-
Fund balance - ending	\$ -	\$ 217,442	\$ 217,442

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**BUILDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources	\$ 40	\$ 2	\$ (38)
<b>EXPENDITURES</b>			
Facilities acquisition and construction	3,000	2,644	356
Appropriated reserves	4,070	-	4,070
Total expenditures	7,070	2,644	4,426
Excess (deficiency) of revenues over expenditures	(7,030)	(2,642)	4,388
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	48,461	44,073	(4,388)
Net change in fund balance	41,431	41,431	-
Fund balance - beginning	(41,431)	(41,431)	-
Fund balance - ending	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the District in a trustee capacity. The District has the following Fiduciary Fund:

### **Private-Purpose Trust Scholarship Fund**

This fund was created to account for scholarships.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**BUDGET AND ACTUAL**  
**PRIVATE-PURPOSE TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>ADDITIONS</b>			
Investment income	\$ 575	5,864	\$ 5,289
Donations	10,000	10,000	-
Total additions	10,575	15,864	5,289
<b>DEDUCTIONS</b>			
Scholarship awards	13,000	1,000	12,000
Appropriated reserves	55,747	-	55,747
Total deductions	68,747	1,000	12,000
Change in net position	(58,172)	14,864	73,036
Net position - beginning	58,172	58,172	-
Net position - ending	\$ -	\$ 73,036	\$ 73,036

See the accompanying independent auditors' report.

## **SINGLE AUDIT**

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
National School Lunch Program	10.555	4555	\$ -	\$ 39,970
Summer Food Service Program for Children	10.559	4559		296,749
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		<u>29,653</u>
<i>Total Child Nutrition Cluster</i>				366,372
Passed Through Colorado Department of Public Health & Environment				
Child and Adult Care Food Program	10.558	4558		<u>50,045</u>
Total U.S. Department of Agriculture				<u>416,417</u>
<b>U.S. Department of Treasury</b>				
Passed Through Colorado Department of Education				
Coronavirus Relief Fund	21.019	4012, 5012		717,664
<b>U.S. Department of Education</b>				
Passed Through Colorado Department of Education				
No Child Left Behind, Title I, Part A	84.010	4010, 5010		202,556
Quality Teacher, Title II, Part A	84.367	4367		29,997
Student Support and Academic Enrichment Program	84.424	4424		12,641
		4414, 4420,		
Education Stabilization Fund	84.425	4425, 5525		<u>587,724</u>
Total U.S. Department of Education				<u>832,918</u>
<b>U.S. Department of Health and Human Services</b>				
Direct Programs				
Head Start	93.600			<u>1,293,437</u>
<b>Total Federal Awards</b>			<u>\$ -</u>	<u>\$ 3,260,436</u>

See the accompanying independent auditors' report.

**SALIDA SCHOOL DISTRICT NUMBER R-32-J**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Salida School District Number R-32-J under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Salida School District Number R-32-J, it is not intended to and does not present the financial position, changes in net position, or cash flows of Salida School District Number R-32-J.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

**NOTE 3 – INDIRECT COST RATE**

Salida School District Number R-32-J has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – NON-CASH ASSISTANCE**

During the year end June 30, 2021, Salida School District Number R-32-J received \$29,653 in non-cash assistance in the form of food commodities. Commodities are valued at current market value at the time of receipt.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Salida School District Number R-32-J

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salida School District Number R-32-J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Salida School District Number R-32-J's basic financial statements, and have issued our report thereon dated October 20, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Salida School District Number R-32-J's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Salida School District Number R-32-J's internal control. Accordingly, we do not express an opinion on the effectiveness of Salida School District Number R-32-J's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Salida School District Number R-32-J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of this Report**

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

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 20, 2021



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

To the Board of Education  
Salida School District Number R-32-J

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

We have audited Salida School District Number R-32-J's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Salida School District Number R-32-J's major federal programs for the year ended June 30, 2021. Salida School District Number R-32-J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Salida School District Number R-32-J's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Salida School District Number R-32-J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Salida School District Number R-32-J's compliance.

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

In our opinion, Salida School District Number R-32-J, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of Salida School District Number R-32-J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Salida School District Number R-32-J's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Salida School District Number R-32-J's internal control over compliance.

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

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

### Purpose of this Report

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

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 20, 2021



**SALIDA SCHOOL DISTRICT NUMBER R-32-J  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

# SALIDA SCHOOL DISTRICT R-32-J

## BOARD OF EDUCATION

Joe Smith, President

Jodi Breckenridge Petit, Vice-President, Cheri Post, Treasurer

Directors: Carrie Mattix, Joel McBride, Jeannie Peters, Greg Reed

David Blackburn, Superintendent

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Salida School District Number R-32-J Schedule of Findings and Questioned Costs for the year ended June 30, 2020. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2021 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2020-001	N/A	N/A	Property Tax Revenues	Corrected
2020-002	N/A	N/A	Grant revenue recognition	Corrected
2020-003	N/A	N/A	Payroll Liabilities	Corrected
2020-004	N/A	N/A	SEFA Reporting	Corrected
2020-005	N/A	N/A	Cash Reconciliations	Corrected
2020-006	N/A	N/A	Bond Covenants	Corrected
2020-007	93.600	Head Start	Reporting	Corrected
2020-008	93.600	Head Start	Allowable Costs and Cost Principles	Corrected

## **STATE COMPLIANCE**



**INDEPENDENT AUDITORS' REPORT ON  
COLORADO SCHOOL DISTRICT/BOCES  
AUDITOR'S INTEGRITY REPORT**

To the Board of Education  
Salida School District Number R-32-J

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salida School District Number R-32-J, as of and for the year ended June 30, 2021, which collectively comprise Salida School District Number R-32-J's basic financial statements, and our report thereon dated **October 20, 2021**, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salida School District Number R-32-J's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 20, 2021





Colorado Department of Education

Auditors Integrity Report

District: 0500 - Salida R-32

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	<b>+</b>		<b>-</b>	<b>=</b>
10 General Fund	4,524,582	14,345,628	13,734,701	5,135,509
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	-33,420	333,474	270,197	29,857
<b>Sub- Total</b>	<b>4,491,162</b>	<b>14,679,102</b>	<b>14,004,898</b>	<b>5,165,366</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	267,460	-16,187	33,831	217,442
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	27,996	552,811	569,626	11,180
22 Govt Designated-Purpose Grants Fund	-70,689	2,889,407	2,818,718	0
23 Pupil Activity Special Revenue Fund	367,958	553,554	502,193	419,319
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,915,861	5,110,563	5,023,897	2,002,526
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	-41,431	44,074	2,644	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	982,513	214,969	119,852	1,077,630
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>7,940,830</b>	<b>24,028,293</b>	<b>23,075,659</b>	<b>8,893,463</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	58,173	15,864	1,000	73,036
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>58,173</b>	<b>15,864</b>	<b>1,000</b>	<b>73,036</b>

FINAL