

**LONE STAR SCHOOL DISTRICT 101
(WASHINGTON COUNTY)
OTIS, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2022**

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2022

The discussion and analysis of Lone Star School District 101's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The District's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a healthy fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs.

Using the Basic Financial Statements

The basic financial statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

The District's total net position was \$2,234,741 as of June 30, 2022

The District's governmental net position increased by \$1,001,107 from 2020-2021. The District's governmental net position increase is primarily due to the inclusion of PERA liability, the State of Colorado on behalf payments to PERA, and the purchase of assets.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

A condensed summary of the District's Net Position is as follows:

	2022	2021
Assets:		
Current Assets	\$ 3,539,070	\$ 3,014,011
Capital Assets – Net	1,683,525	1,771,032
Deferred Outflows of Resources	779,099	1,251,260
Capital Assets & Deferred Outflows of Financial Resources	6,001,694	6,036,303
Liabilities:		
Current Liabilities	207,993	141,808
Non-current Liabilities	2,246,369	3,278,781
Deferred Inflows of Resources	1,312,591	1,382,080
Total Liabilities & Deferred Inflows of Financial Resources	3,766,953	4,802,669
Net Position:		
Net Invested in Capital Assets	1,683,525	1,771,032
Restricted Net Position	74,000	70,000
Unrestricted Net Position	477,216	(607,398)
Total Net Position(Deficit)	2,234,741	1,233,634
Total Liabilities, Deferred Outflows and Net Position	\$ 6,001,694	\$ 6,036,303

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts legally restricted for State required emergency reserves.

A condensed Statement of Activities and Changes in Net Position is as follows:

	2022	2021
Program Revenues:		
Charges for Services	\$ 177,069	\$ 98,841
Operating Grants	476,965	538,459
Total Program Revenues	654,034	637,300
General Revenues:		
Property Taxes	575,345	488,483
Specific Ownership Taxes	1,570,444	1,582,051
Investment Earnings	(31,529)	6,470
Gain (Loss) on Capital Asset Disposals	2,500	-
Insurance Proceeds	801	1,631
Miscellaneous Revenues	6,981	7,000
Total General Revenues	2,124,542	2,085,635
Total Revenues	2,778,576	2,722,935
Expenses:		
Instruction	985,768	877,636
Supporting Services	791,701	542,495
Total Expenses	1,777,469	1,420,131
Change in Net Position	1,001,107	1,302,804
Net Position - Beginning	1,233,634	(69,170)
Net Position Ending	\$ 2,234,741	\$ 1,233,634

The District's governmental net position increase is primarily due to the inclusion of PERA liability, the State of Colorado on behalf payments to PERA, and the purchase of new assets.

Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 4. Fund financial reports provide detailed information about the District's major fund. The District's major fund is the General.

Governmental Funds. Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short - term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's governmental funds consist of the General Fund and non-major Food Service Fund. The General Fund accounts for the majority of the District's instruction and support operations, as well as, the district's statutorily required allocation of per pupil funding for capital needs. The Food Service Fund accounts for the District's food service operation. The Pupil Activity Fund generally accounts for student generated revenues and expenditures related to non-classroom activities.

Fund Financial Statements

As of June 30, 2022, the District's governmental funds reported a combined fund balance of 3,331,077 which is an increase of \$458,874 from the June 30, 2021 balance.

Capital Assets

As of June 30, 2022, the District had \$1,683,525 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease of \$87,407 from the prior year due to purchase of new assets and investment losses.

A summary of the District's Governmental Activity Capital Assets is as follows:

	Balance 06/30/21	Additions	Deletions & Transfers	Balance 6/30/22
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 4,725	\$ -	\$ -	\$ 4,725
Capital Assets, being depreciated:				
Land Improvements	175,365	-	-	175,365
Buildings	2,337,645	-	-	2,337,645
Transportation Equipment	521,131	-	-	521,131
Food Service Equipment	29,541	-	-	29,541
Other Equipment	168,879	6,665	-	175,544
Total Capital Assets being depreciated	3,232,561	6,665	-	3,239,226
Accumulated Depreciation:				
Land Improvements	(93,311)	(3,905)	-	(97,216)
Buildings	(938,029)	(51,539)	-	(989,568)
Transportation Equipment	(285,231)	(27,415)	-	(312,646)
Food Service Equipment	(15,405)	(3,141)	-	(18,546)
Other Equipment	(134,278)	(8,172)	-	(142,450)
Total Accum. Depreciation	(1,466,254)	(94,172)	-	(1,560,426)
Net Governmental Capital Assets	\$ 1,771,032	\$ (87,507)	\$ -	\$ 1,683,525

Debt Administration

As of June 30, 2022, the District had total outstanding long-term obligations as follows:

	<u>Balance</u> <u>06/30/2021</u>	<u>Net Increase</u>	<u>Net Decrease</u>	<u>Balance</u> <u>06/30/2022</u>	<u>Current</u> <u>Portion</u>
Accrued Compensated Absences	\$ 23,656	\$ -	\$ 131	\$ 23,525	\$ -

The accrued compensated absences represent the amounts to be funded for earned but unused vacation and sick leave. Additional information related to the District's long-term obligations can be found in Note 6 to the financial statements.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization and Specific Ownership Tax. General Fund revenues were 1.3% higher than budgeted. Expenditures were 19% under budget after adjusting for contingency reserves. The greatest savings occurred in instruction and operations.

Economic Factors and Next Year's Budget

The Lone Star School District has long term capital needs including updating the heating system, boiler, and fire alarm system.

The negative factor has caused Lone Star School District to lose funding of more than two million dollars from 2010 to 2022. Although we have received minimum relief with the negative factor, we are still not receiving all monies from the state that were appropriated.

Requests for Information

This financial report is designed to provide a general overview of the Lone Star School District 101's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, 44940 County Road 54, Otis, Colorado 80743.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Lone Star School District 101
Otis, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Lone Star School District 101, as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise Lone Star School District 101's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lone Star School District 101 as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Lone Star School District 101 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lone Star School District 101's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lone Star School District 101's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Lone Star School District 101's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Lone Star School District 101's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, historical pension information and other post-employment benefit plan information listed in the tables 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lone Star School District 101's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Mayberry + Company, LLC

Englewood, CO
October 17, 2022

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2022.

LONE STAR SCHOOL DISTRICT 101

Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Current Assets	
Cash and Investments	\$ 3,465,498
Cash with Fiscal Agent	8,623
Taxes Receivable	5,430
Grants Receivable	56,158
Other Accounts Receivable	1,043
Inventory	2,318
Capital and Other Assets	
Capital Assets not Being Depreciated	4,725
Capital Assets Being Depreciated, net	1,678,800
Total Assets	<u>5,222,595</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	764,171
Net OPEB Deferred Outflows	14,928
Total Deferred Outflows of Financial Resources	<u>779,099</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 6,001,694</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 1,183
Accrued Salaries & Benefits	147,244
Unearned Revenue	2,396
Unearned Revenue Grants	57,170
Noncurrent Liabilities	
Due In More Than One Year	2,246,369
Total Liabilities	<u>2,454,362</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	1,274,296
Net OPEB Deferred Inflows	38,295
Total Deferred Inflows of Financial Resources	<u>1,312,591</u>
Net Position	
Net Investment in Capital Assets	1,683,525
Restricted Net Position	74,000
Unrestricted Net Position	477,216
Total Net Position	<u>2,234,741</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 6,001,694</u>

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

LONE STAR SCHOOL DISTRICT 101

Statement of Activities

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Change in Net
			Contributions	Position
				Governmental
				Activities
Primary Government				
Governmental Activities				
Instruction	\$ 985,768	\$ 144,623	\$ 118,906	\$ (722,239)
Supporting Services	791,701	32,446	358,059	(401,196)
Total Primary Government	<u>\$ 1,777,469</u>	<u>\$ 177,069</u>	<u>\$ 476,965</u>	<u>(1,123,435)</u>
General Revenues				
				522,797
Property Taxes				
Specific Ownership Taxes				52,548
State Equalization				1,570,444
Investment Earnings				(31,529)
Gain (Loss) on Capital Asset Disposals				2,500
Insurance Proceeds				801
Other Revenues				<u>6,981</u>
Total General Revenues				<u>2,124,542</u>
Change in Net Position				1,001,107
Beginning Net Position				<u>1,233,634</u>
Ending Net Position				<u>\$ 2,234,741</u>

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

LONE STAR SCHOOL DISTRICT 101
Balance Sheet
Governmental Funds
June 30, 2022
(With Comparative Totals for June 30, 2021)

		Special Revenue	
	General Fund	Food Service Fund	Pupil Activity Fund
ASSETS			
Cash and Investments	\$ 3,291,711	\$ 22,624	\$ 151,163
Cash with Fiscal Agent	8,623	-	-
Taxes Receivable	5,430	-	-
Grants Receivable	38,615	17,543	-
Other Accounts Receivable	-	1,043	-
Inventory	-	2,318	-
TOTAL ASSETS	\$ 3,344,379	\$ 43,528	\$ 151,163
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Accounts Payable	1,183	-	-
Accrued Salaries & Benefits	146,068	1,176	-
Unearned Revenue	-	2,396	-
Unearned Revenue Grants	57,170	-	-
Total Liabilities	204,421	3,572	-
Fund Balance			
Nonspendable Fund Balance	-	2,318	-
Restricted Fund Balance			
Restricted for TABOR Emergencies	74,000	-	-
Committed Fund Balance	-	37,638	151,163
Unassigned Fund Balance	3,065,958	-	-
Total Fund Balance	3,139,958	39,956	151,163
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 3,344,379	\$ 43,528	\$ 151,163

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

Totals	
2022	2021
\$ 3,465,498	\$ 2,947,583
8,623	3,186
5,430	8,039
56,158	50,488
1,043	2,857
2,318	1,858
<u>\$ 3,539,070</u>	<u>\$ 3,014,011</u>
1,183	2,233
147,244	136,943
2,396	2,632
57,170	-
<u>207,993</u>	<u>141,808</u>
2,318	1,858
74,000	70,000
188,801	183,029
<u>3,065,958</u>	<u>2,617,316</u>
<u>3,331,077</u>	<u>2,872,203</u>
<u>\$ 3,539,070</u>	<u>\$ 3,014,011</u>

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LONE STAR SCHOOL DISTRICT 101

**Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2022**

Fund Balance - Governmental Funds	\$	3,331,077
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds

Capital assets, not being depreciated	\$	4,725	
Capital assets, being depreciated		3,239,226	
Accumulated depreciation		<u>(1,560,426)</u>	1,683,525

Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds

Pension Liability

Net pension deferred outflows	764,171	
Net pension liability	(2,120,265)	
Net pension deferred inflows	<u>(1,274,296)</u>	(2,630,390)

OPEB Liability

Net OPEB deferred outflows	14,928	
Net OPEB liability	(102,579)	
Net OPEB deferred inflows	<u>(38,295)</u>	(125,946)

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.

Accrued compensated absences		<u>(23,525)</u>
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Total Net Position - Governmental Activities	\$	<u><u>2,234,741</u></u>
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The accompanying footnotes are an integral part of these financial statements.

LONE STAR SCHOOL DISTRICT 101
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

		Special Revenue	
	General Fund	Food Service Fund	Pupil Activity Fund
REVENUES			
Local Sources	\$ 594,697	\$ 7,759	\$ 136,669
Intermediate Sources	136	-	-
State Sources	1,685,503	989	-
Federal Sources	271,842	80,981	-
TOTAL REVENUES	<u>2,552,178</u>	<u>89,729</u>	<u>136,669</u>
EXPENDITURES			
Current:			
Instruction	1,231,230	-	136,727
Pupil Support	-	-	-
Staff Support	431	-	-
General Administration	239,940	-	-
School Administration	101,903	-	-
Business Services	66,876	-	-
Operations and Maintenance	257,036	-	-
Transportation	101,694	-	-
Risk Management	100,426	-	-
Food Service	-	83,439	-
TOTAL EXPENDITURES	<u>2,099,536</u>	<u>83,439</u>	<u>136,727</u>
CHANGE IN FUND BALANCE	452,642	6,290	(58)
BEGINNING FUND BALANCE	<u>2,687,316</u>	<u>33,666</u>	<u>151,221</u>
ENDING FUND BALANCE	<u>\$ 3,139,958</u>	<u>\$ 39,956</u>	<u>\$ 151,163</u>

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

Totals			
2022		2021	
\$	739,125	\$	634,542
	136		61
	1,686,492		1,708,876
	352,823		379,456
	2,778,576		2,722,935
	1,367,957		1,350,633
	-		1,540
	431		-
	239,940		195,072
	101,903		96,154
	66,876		57,713
	257,036		182,214
	101,694		164,297
	100,426		95,963
	83,439		77,109
	2,319,702		2,220,695
	458,874		502,240
	2,872,203		2,369,963
\$	3,331,077	\$	2,872,203

LONE STAR SCHOOL DISTRICT 101**Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2022**

Change in Fund Balance - Governmental Funds \$ 458,874

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$ 6,665	
Depreciation Expense	<u>(94,172)</u>	(87,507)

Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

Pension Liability

Current year change and amortization of deferred outflows - net	(470,947)	
Change in net pension liability	1,020,696	
Current year change and amortization of deferred inflows - net	<u>69,822</u>	619,571

OPEB Liability

Current year change and amortization of deferred outflows - net	(1,214)	
Change in OPEB liability	11,585	
Current year change and amortization of deferred inflows - net	<u>(333)</u>	10,038

Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.

Change in accrued compensated absences	<u>131</u>
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Total Net Position - Governmental Activities	<u>\$ 1,001,107</u>
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The accompanying footnotes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lone Star School District 101 (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, The Financial Reporting Entity.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Jointly Governed Organization

The District in conjunction with other surrounding districts created the Northeast Colorado 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. During the fiscal year ended June 30, 2022, the District paid \$60,006 for assessments and other services to the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative office at: P O Box 98, Haxtun, CO 80731.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and funds, each displayed in a separate column. The fiduciary funds are presented separately.

The District reports the following major governmental fund:

General Fund - This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The District reports the following special revenue funds:

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

Pupil Activity Fund – This fund accounts for all financial activities associated with student activity groups.

Measurement Focus and Basis of Accounting

Government-Wide 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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

Cash - Cash is kept in interest bearing accounts that are comprised of checking and money market accounts that are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements.

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

Inventory - Inventories of Food Service funds are valued at the lower of cost (first-in, first-out) or market.

Capital Assets - Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure, and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The District's policy is to capitalize and inventory annually all capital assets with a unit value of or greater than \$5,000 and an estimated useful life of or greater than one year.

Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds balance sheets.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	10-75 years
Vehicles	8-25 years
Other Equipment	5-15 years

Vacation, Sick Leave, and Other Compensated Absences - District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Vacation can be carried over upon the superintendent's approval.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. Both are related to pension and OPEB liabilities as further described in Notes 8 and 10.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension and OPEB liabilities as further described in Notes 8 and 10.

Net Position/Fund Balances - In the government-wide financial statements and net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Flow Assumptions

Sometimes the government 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 government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. 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.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses - Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues - Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, all uncollected property taxes levied in 2021 for collection in 2022 are identified as property taxes receivable at June 30.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT BUDGETARY POLICIES

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on the cash basis). Annual appropriated budgets are adopted for all funds except the Trust and Agency Funds. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to adjust its final budget.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those that will remain canceled and those that will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of Fund balance at fiscal year-end because they have lapsed and are pending reinstatement.

LONE STAR SCHOOL DISTRICT 101

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2: CASH AND INVESTMENTS

At June 30, 2022, the District's cash, deposits, and investments consisted of the following:

Cash and Deposits	\$ 2,841,911
Investments	<u>623,587</u>
Total Cash and Investments	<u>\$ 3,465,498</u>

These balances are presented in the financial statements as follows:

Governmental Activities	<u>\$ 3,465,498</u>
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Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. 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 (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District's cash and deposit balances are comprised of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>
FDIC Insured	\$ 313,662	\$ 313,662
PDPA Collateralized	2,537,353	1,904,562
Petty Cash	-	100
Total Cash and Deposits	<u>\$ 2,851,015</u>	<u>\$ 2,218,324</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)**Investments**Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2021, using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Fair Value Level 2	Weighted Avg Mat	Rating
Treasury Securities	\$ 134,251	2.61	N/A
Agency Securities	87,430	2.32	Aaa/AA+
Other Govt Securities	319,320	2.40	Aaa/AAA - Aa3/AA-
Mutual Funds	24,708	-	N/A
Corp Bonds/Comm Paper	57,878	0.71	Aaa/AAA - Aa3/AA-
Total Investments	<u>\$ 623,587</u>	<u>2.18</u>	

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Money Market Funds: Valued at quoted market prices.
- U.S Agency Securities: Valued at quoted market prices.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2021, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer. The District invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2022, the District's investments are held by Raymond James Financial Services, Inc.

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2022 of \$2,318, consisted of purchased and donated commodities amounting to \$1,457 and \$861, respectively. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

LONE STAR SCHOOL DISTRICT 101

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 4: CAPITAL ASSETS

Activity for the District's governmental activity capital assets is as follows:

	Balance 06/30/21	Additions	Deletions & Transfers	Balance 6/30/22
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 4,725	\$ -	\$ -	\$ 4,725
Capital Assets, being depreciated:				
Land Improvements	175,365	-	-	175,365
Buildings	2,337,645	-	-	2,337,645
Transportation Equipment	521,131	-	-	521,131
Food Service Equipment	29,541	-	-	29,541
Other Equipment	168,879	6,665	-	175,544
Total Capital Assets being depreciated	3,232,561	6,665	-	3,239,226
Accumulated Depreciation:				
Land Improvements	(93,311)	(3,905)	-	(97,216)
Buildings	(938,029)	(51,539)	-	(989,568)
Transportation Equipment	(285,231)	(27,415)	-	(312,646)
Food Service Equipment	(15,405)	(3,141)	-	(18,546)
Other Equipment	(134,278)	(8,172)	-	(142,450)
Total Accum. Depreciation	(1,466,254)	(94,172)	-	(1,560,426)
Net Governmental Capital Assets	\$ 1,771,032	\$ (87,507)	\$ -	\$ 1,683,525

Depreciation is allocated to the District's governmental activities as follows:

Instruction	\$ 56,440
Support Services	37,732
Governmental Depreciation Allocation	\$ 94,172

NOTE 5: 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 nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, are \$147,244 in the General Fund. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 6: LONG-TERM OBLIGATIONS

At June 30, 2022, the District included accrued compensated absences and pension liabilities in its long-term obligations. Changes in long-term obligations for the year ended June 30, 2022 is as follows:

	<u>Balance</u> <u>06/30/2021</u>	<u>Net Increase</u>	<u>Net Decrease</u>	<u>Balance</u> <u>06/30/2022</u>	<u>Current</u> <u>Portion</u>
Accrued Compensated Absences	\$ 23,656	\$ -	\$ 131	\$ 23,525	\$ -

NOTE 7: DEFINED BENEFIT PENSION PLAN**Summary of Significant Accounting Policies**

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

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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

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

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

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

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

As of December 31, 2021, 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. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**General Information about the 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, 2022: Eligible employees of, District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	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%
Total employer contribution rate to the SCHDTF	19.88%

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

The allocation for 2021 was as follows:

Trust Fund	Direct Distribution
State Division	\$ 76,706
School Division	127,781
Judicial Division	1,360
DPS Division	19,153
	<u>\$ 225,000</u>

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$226,365 for the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**General Information about the Pension Plan** (Continued)

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

The proportions presented in this schedule are also based on the direct distribution payment received in July 2021 for \$127,781 and is considered a nonemployer contribution that meets the definition of a special funding situation for the purposes of GASB 68 paragraph 15.

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

At June 30, 2022, the District reported a liability of \$2,120,265 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ (2,120,265)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (218,063)
Total	\$ (2,338,328)

At December 31, 2021, the District proportion was 0.01822 percent, which was a decrease of 0.00256 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$386,073 and revenue of \$218,063 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 88,071	\$ -
Changes of assumptions or other inputs	\$ 184,583	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 93,482	\$ (931,959)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 275,952	\$ (342,337)
Contributions subsequent to the measurement date	\$ 122,083	\$ -
Total	\$ 764,171	\$ (1,274,296)

\$122,083 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2023	\$ 55,165
2024	(224,510)
2025	(308,293)
2026	(188,210)
Total	\$ (665,848)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, 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 (automatic) ¹	1.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the annual increase cap, resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

Post-retirement 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (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 actuarial assumptions used in the December 31, 2020, valuations were based on the 2020 experience analysis, 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

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

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

The PERA Board first adopted the 7.25 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:

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 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.
- 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

- The projected benefit payments reflect the lowered annual increase cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District 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 asset (liability)	\$ (3,120,857)	\$ (2,120,265)	\$ (1,285,309)

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.

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN**Voluntary Investment Program**

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the 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.

DPS Benefit Structure

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**General Information about the OPEB Plan** (Continued)

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 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 District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$11,614 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$102,579 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.01190 percent, which was a decrease of 0.00012 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,943. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 145	\$ (24,287)
Changes of assumptions or other inputs	\$ 2,108	\$ (5,620)
Net difference between projected and actual earnings on pension plan investments	\$ 694	\$ (7,080)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 5,717	\$ (1,308)
Contributions subsequent to the measurement date	\$ 6,264	\$ -
Total	\$ 14,928	\$ (38,295)

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

\$6,264 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2023	\$ (7,412)
2024	(8,170)
2025	(8,462)
2026	(4,294)
2027	(1,120)
2028	(173)
Total	\$ (29,631)

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, 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%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% for 2021, gradually increasing to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

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

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

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

Sensitivity of the District 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:

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (110,116)	\$ (113,038)	\$ (116,439)

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, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Sensitivity of the District 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:

Discount Rate	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (129,487)	\$ (113,038)	\$ (98,984)

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.

NOTE 10: RISK MANAGEMENT**Property and Liability Coverage**

The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 10: RISK MANAGEMENT (Continued)

Property and Liability Coverage (Continued)

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the TABOR Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded unless the District's electorate vote to retain the revenue. In November of 1996, the voters of the District approved a ballot measure which allows the District to retain, appropriate, and utilize the full revenues received from every source whatever, without limitation, in 1996 and all subsequent years. The TABOR Amendment is subject to many interpretations, but the District feels it is in substantial compliance with the Amendment. The District is required to set aside 3% of "fiscal year spending" as defined in the Amendment for an emergency reserve. At June 30, 2022, the District has reserved \$74,000 of fund balance in the General Fund to satisfy this requirement.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules - Unaudited)

LONE STAR SCHOOL DISTRICT 101
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

Fiscal Year	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	Non-employer contributing entity's total proportionate share of the net pension asset (liability)	Total proportionate share associated with District	District's covered payroll	District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.021412%	\$ (2,731,049)	\$ -	\$ (2,731,049)	\$ 838,507	325.70%	64.07%
June 30, 2015	0.019862%	\$ (2,691,990)	\$ -	\$ (2,691,990)	\$ 809,268	332.65%	62.84%
June 30, 2016	0.018355%	\$ (2,807,047)	\$ -	\$ (2,807,047)	\$ 781,451	359.21%	59.16%
June 30, 2017	0.019499%	\$ (5,805,521)	\$ -	\$ (5,805,521)	\$ 863,269	672.50%	43.13%
June 30, 2018	0.019560%	\$ (6,324,884)	\$ -	\$ (6,324,884)	\$ 889,890	701.00%	43.96%
June 30, 2019	0.017706%	\$ (3,135,289)	\$ (377,139)	\$ (3,512,428)	\$ 973,419	322.09%	57.01%
June 30, 2020	0.018082%	\$ (2,701,381)	\$ (204,069)	\$ (2,905,450)	\$ 1,055,748	255.87%	64.52%
June 30, 2021	0.020776%	\$ (3,140,961)	\$ -	\$ (3,140,961)	\$ 1,125,480	279.08%	66.99%
June 30, 2022	0.018219%	\$ (2,120,265)	\$ (218,063)	\$ (2,338,328)	\$ 1,138,657	186.21%	74.86%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 134,051	\$ (134,051)	\$ -	\$ 838,507	15.99%
June 30, 2015	\$ 136,711	\$ (136,711)	\$ -	\$ 809,268	16.89%
June 30, 2016	\$ 138,613	\$ (138,613)	\$ -	\$ 781,451	17.74%
June 30, 2017	\$ 158,662	\$ (158,662)	\$ -	\$ 863,269	18.38%
June 30, 2018	\$ 168,091	\$ (168,091)	\$ -	\$ 889,890	18.89%
June 30, 2019	\$ 186,215	\$ (186,215)	\$ -	\$ 973,419	19.13%
June 30, 2020	\$ 204,604	\$ (204,604)	\$ -	\$ 1,055,748	19.38%
June 30, 2021	\$ 218,118	\$ (218,118)	\$ -	\$ 1,125,480	19.38%
June 30, 2022	\$ 226,365	\$ (226,365)	\$ -	\$ 1,138,657	19.88%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.011083%	\$ (143,699)	\$ 863,269	16.646%	16.70%
June 30, 2018	0.011114%	\$ (144,434)	\$ 889,890	16.231%	17.53%
June 30, 2019	0.011509%	\$ (156,589)	\$ 973,419	16.086%	17.03%
June 30, 2020	0.011819%	\$ (132,840)	\$ 1,055,748	12.583%	24.49%
June 30, 2021	0.012014%	\$ (114,164)	\$ 1,125,480	10.144%	32.78%
June 30, 2022	0.011896%	\$ (102,579)	\$ 1,138,657	9.009%	39.40%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 8,805	\$ (8,805)	\$ -	\$ 863,269	1.02%
June 30, 2018	\$ 9,077	\$ (9,077)	\$ -	\$ 889,890	1.02%
June 30, 2019	\$ 9,929	\$ (9,929)	\$ -	\$ 973,419	1.02%
June 30, 2020	\$ 10,769	\$ (10,769)	\$ -	\$ 1,055,748	1.02%
June 30, 2021	\$ 11,480	\$ (11,480)	\$ -	\$ 1,125,480	1.02%
June 30, 2022	\$ 11,614	\$ (11,614)	\$ -	\$ 1,138,657	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION
(Budgetary Comparison Schedules)

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2021 Actual
REVENUES					
Local Sources					
Property Taxes	\$ 477,178	\$ 477,178	\$ 522,353	\$ 45,175	\$ 438,644
Specific Ownership Taxes	37,147	37,147	52,548	15,401	49,218
Delinquent Taxes	-	-	444	444	622
Investment Earnings	7,500	7,500	(28,484)	(35,984)	5,847
Pupil Activity Revenues	3,500	3,500	5,867	2,367	703
Rent Revenue	1,800	1,800	1,800	-	1,650
Donations	2,958	2,958	7,000	4,042	31,368
Sale of Fixed Assets	-	-	2,500	2,500	-
Indirect Cost Revenue	-	-	23,673	23,673	-
Insurance Proceeds	-	-	801	801	1,631
Other Local	9,000	11,000	6,195	(4,805)	7,000
Total Local Sources	539,083	541,083	594,697	53,614	536,683
Intermediate Sources					
Mineral Leases	60	60	136	76	61
State Sources					
State Share (Equalization)	1,580,144	1,580,144	1,570,444	(9,700)	1,582,051
State Transportation	21,300	21,300	21,638	338	22,513
State Grants from CDE					
State ELPA Prof Dev and Student Support	1,793	1,793	-	(1,793)	1,793
State ELPA	1,601	1,601	1,464	(137)	1,601
State Grants to Libraries	3,500	4,500	4,500	-	3,500
Small Rural Schools Additional Funding	54,081	54,081	-	(54,081)	41,496
Additional As- Risk Funding	600	600	404	(196)	857
READ Act	2,564	2,564	1,489	(1,075)	2,564
MoneyWi\$er Financial Innovation Awards	-	-	-	-	15,000
One-Time Mitigation At-Risk Funding	-	-	29,018	29,018	-
State Grants from Other Agencies					
State Vocational Education	20,000	20,000	5,958	(14,042)	7,716
State PERA Contribution	-	-	25,950	25,950	-
State Grants Provided through BOCES	21,890	21,890	24,638	2,748	29,231
Total State Sources	1,707,473	1,708,473	1,685,503	(22,970)	1,708,322
Federal Sources					
Federal Grants from CDE					
Coronavirus Relief Fund	-	-	-	-	221,011
ESSER III 90% – LEA Allocation	62,642	126,772	126,683	(89)	-
ESSER II 9.5% (State Reserve)	43,593	56,407	43,593	(12,814)	-
ESSER II - Distribution 90%	56,407	43,693	56,407	12,714	-
Ed Stab Fd - Elem Sec Emer Relief Formula	-	-	-	-	7,233
Coronaovirus Relief Fund At-Risk	-	-	-	-	10,138
Ed Stab Fd - Elem Sec Emer Relief Discretionary	-	-	-	-	17,767
ESSA Title I Part A Reallocated	-	-	15,309	15,309	-
Direct Federal Revenue					
NCLB, Title VI, Part B, Sub-Part I: REAP: Rural Ed	-	17,604	17,604	-	17,477
Federal Provided through BOCES	3,600	3,600	12,246	8,646	29,225
Total Federal Sources	166,242	248,076	271,842	23,766	302,851
TOTAL REVENUES	2,412,858	2,497,692	2,552,178	54,486	2,547,917

See the accompanying Independent Auditors' Report

(Continued)

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				2021 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES					
Current:					
Instruction					
Salaries	744,479	771,507	717,011	54,496	703,942
Benefits	294,402	301,276	304,824	(3,548)	278,298
PS-Professional	55,002	55,002	41,926	13,076	51,022
PS-Property	4,020	4,020	2,264	1,756	1,774
PS-Other	26,804	26,804	24,531	2,273	16,125
Supplies	40,955	45,105	48,683	(3,578)	68,414
Property	89,642	89,642	83,872	5,770	132,970
Other Expenses	9,800	9,800	8,119	1,681	8,234
Total Instruction	<u>1,265,104</u>	<u>1,303,156</u>	<u>1,231,230</u>	<u>71,926</u>	<u>1,260,779</u>
Supporting Services					
Pupil Support					
Supplies	-	-	-	-	1,540
Staff Support					
Salaries	160	200	200	-	-
PS- Professional	2,945	2,945	-	2,945	-
PS-Other	854	814	231	583	-
Total Staff Support	<u>3,959</u>	<u>3,959</u>	<u>431</u>	<u>3,528</u>	<u>-</u>
General Administration					
Salaries	85,073	85,072	84,273	799	83,765
Benefits	27,357	27,357	29,015	(1,658)	26,063
PS- Professional	10,000	10,000	8,414	1,586	7,697
PS-Other	72,875	79,525	76,362	3,163	65,490
Supplies	21,625	22,280	11,566	10,714	6,019
Property	200	200	150	50	-
Other Expenses	7,600	6,850	30,160	(23,310)	6,038
Total General Administration	<u>224,730</u>	<u>231,284</u>	<u>239,940</u>	<u>(8,656)</u>	<u>195,072</u>
School Administration					
Salaries	143,618	67,514	65,705	1,809	62,267
Benefits	43,809	43,809	35,153	8,656	32,385
PS-Other	1,050	1,050	898	152	1,264
Supplies	150	150	147	3	238
Total School Administration	<u>188,627</u>	<u>112,523</u>	<u>101,903</u>	<u>10,620</u>	<u>96,154</u>

See the accompanying Independent Auditors' Report

(Continued)

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2021 Actual
(Continued)					
EXPENDITURES (Continued)					
Current:					
Supporting Services (Continued)					
Business Services					
Salaries	34,500	34,500	33,653	847	28,887
Benefits	16,815	16,815	15,739	1,076	13,797
PS- Professional	17,000	17,000	14,489	2,511	13,563
PS-Other	3,000	3,000	2,294	706	208
Supplies	1,000	1,000	271	729	784
Property	500	500	429	71	474
Total Business Services	72,815	72,815	66,875	5,940	57,713
Operations and Maintenance					
Salaries	86,430	86,412	60,302	26,110	51,205
Benefits	49,214	49,214	35,095	14,119	26,126
PS- Property	30,200	30,200	29,040	1,160	26,567
PS-Other	1,200	1,200	1,000	200	1,036
Supplies	80,500	80,500	86,536	(6,036)	83,923
Property	4,500	4,500	5,137	(637)	(121)
Other Expenses	36,967	36,967	39,926	(2,959)	(6,522)
Total Operations and Maintenance	289,011	288,993	257,036	31,957	182,214
Transportation					
Salaries	52,000	52,000	42,042	9,958	38,282
Benefits	14,227	14,227	10,572	3,655	8,507
PS- Professional	1,000	1,000	523	477	484
PS- Property	19,200	19,200	19,735	(535)	18,642
PS-Other	250	250	105	145	-
Supplies	28,500	28,500	29,106	(606)	16,099
Property	54,081	54,081	(389)	54,470	82,284
Total Transportation	169,258	169,258	101,694	67,564	164,298
Risk Management					
PS-Other	110,000	110,000	100,426	9,574	95,963
Total Supporting Services	1,058,400	988,832	868,305	120,527	792,954
Contingency	127,170	-	-	-	-
TOTAL EXPENDITURES	2,450,674	2,291,988	2,099,535	192,453	2,053,733
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(37,816)	205,704	452,643	246,939	494,184
OTHER FINANCING SOURCES (USES)					
Transfers	(56,000)	(30,000)	-	30,000	-
CHANGE IN FUND BALANCE	(93,816)	175,704	452,643	276,939	494,184
BEGINNING FUND BALANCE	881,650	2,503,046	2,687,316	184,270	2,193,132
ENDING FUND BALANCE	\$ 787,834	\$ 2,678,750	\$ 3,139,959	\$ 461,209	\$ 2,687,316

See accompanying Independent Auditors' Report.

SPECIAL REVENUE FUND

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

The District has one special revenue funds as follows:

Food Service Fund

The Food Service Fund accounts for all financial activities associated with the District's school lunch program.

Pupil Activity Fund

The Pupil activity fund accounts for all financial activities associated with Student Activity Groups.

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2021 Actual
REVENUES					
Local Sources					
Food Service Revenue	\$ 19,000	\$ 19,000	\$ 6,974	\$ (12,026)	\$ (450)
Other Local	-	-	785	785	-
Total Local Sources	19,000	19,000	7,759	(11,241)	(450)
State Sources					
State Grants from CDE					
State Matching Child Nutrition	18,000	18,000	553	(17,447)	555
Other Agency State Grants	-	-	436	436	-
Total State Sources	18,000	18,000	989	(17,011)	555
Federal Sources					
Federal Grants from CDE					
National School Lunch Program	-	-	-	-	3,875
Summer Food Service Program for Children	-	-	-	-	68,644
SNAP: P-EBT mini Grants	-	-	613	613	-
Seamless Summer Option (SSO)-Breakfast SRE 94 Opt.	-	-	17,487	17,487	-
Seamless Summer Option (SSO)-Lunch SRE 94 Opt.	-	-	58,222	58,222	-
Federal Grants from Other State Agencies					
National School Lunch Program- Commodities	-	-	4,659	4,659	4,086
Total Federal Sources	-	-	80,981	80,981	76,605
TOTAL REVENUES	37,000	37,000	89,729	52,729	76,710
EXPENDITURES					
Current:					
Supporting Services					
Food Service					
Salaries	34,300	34,300	28,356	5,944	27,754
Benefits	14,016	14,016	12,460	1,556	12,320
Food	49,000	49,000	32,166	16,834	31,919
Commodities	1,500	1,500	6,019	(4,519)	5,115
Property	-	-	4,438	(4,438)	-
TOTAL EXPENDITURES	98,816	98,816	83,439	15,377	77,108
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(61,816)	(61,816)	6,290	68,106	(398)
OTHER FINANCING SOURCES (USES)					
Transfers	56,000	30,000	-	(30,000)	-
CHANGE IN FUND BALANCE	(5,816)	(31,816)	6,290	38,106	(398)
BEGINNING FUND BALANCE	7,000	33,666	33,666	-	34,064
ENDING FUND BALANCE	\$ 1,184	\$ 1,850	\$ 39,956	\$ 38,106	\$ 33,666

See accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2021 Actual
REVENUES					
Local Sources					
Investment Earnings	\$ -	\$ -	\$ (3,046)	\$ (3,046)	\$ 623
Pupil Activity Revenues	100,000	100,000	138,756	38,756	96,938
Donations	-	-	959	959	748
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>136,669</u>	<u>36,669</u>	<u>98,309</u>
EXPENDITURES					
Current:					
Instruction					
PS-Other	675	400	400	-	697
Other Expenses	100,000	100,000	136,327	(36,327)	89,157
Contingency	-	150,421	-	150,421	-
TOTAL EXPENDITURES	<u>100,675</u>	<u>250,821</u>	<u>136,727</u>	<u>114,094</u>	<u>89,854</u>
CHANGE IN FUND BALANCE	(675)	(150,821)	(58)	150,763	8,455
BEGINNING FUND BALANCE	-	150,821	151,221	400	142,766
ENDING FUND BALANCE	<u>\$ (675)</u>	<u>\$ -</u>	<u>\$ 151,163</u>	<u>\$ 151,163</u>	<u>\$ 151,221</u>

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE



Colorado Department of Education

Auditors Integrity Report

District: 3060 - Lone Star 101

Fiscal Year 2021-22

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	2,687,316	2,552,177	2,099,536	3,139,958
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,687,316	2,552,177	2,099,536	3,139,958
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	33,666	89,729	83,438	39,956
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	151,221	136,669	136,727	151,163
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	2,872,203	2,778,575	2,319,701	3,331,077
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL



Colorado Department of Education
Bolder Balance Sheet Report

District: 3060 - Lone Star 101
Fiscal Year 2021-22

Colorado School District/BOCES

See accompanying Independent Auditors' Report.

Governmental										Proprietary				Fiduciary		
ASSETS	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	3,291,711	0	0	151,163	0	0	22,624	0	0	0	0	0	0	0	0	3,465,498
Cash with Fiscal Agent (8105)	8,623	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,623
Taxes Receivable (8121,8122)	5,430	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,430
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	38,615	0	0	0	0	0	17,543	0	0	0	0	0	0	0	0	56,158
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	1,043	0	0	0	0	0	0	0	0	1,043
Inventories (8171,8172,8173)	0	0	0	0	0	0	2,318	0	0	0	0	0	0	0	0	2,318
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	3,344,378	0	0	151,163	0	0	43,528	0	0	0	0	0	0	0	0	3,539,069

Governmental										Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<u>LIABILITIES & FUND EQUITY</u>																
LIABILITIES																
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	1,183	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,183
Accrued Expenses (7461)	146,068	0	0	0	0	0	1,176	0	0	0	0	0	0	0	0	147,244
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	2,396	0	0	0	0	0	0	0	0	2,396
Grants Deferred Revenue (7482)	57,170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	57,170
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	204,420	0	0	0	0	0	3,572	0	0	0	0	0	0	0	0	207,992

See accompanying Independent Auditors' Report.

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	2,318	0	0	0	0	0	0	0	0	2,318
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	74,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	74,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	151,163	0	0	37,638	0	0	0	0	0	0	0	0	188,801
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	3,065,958	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,065,958
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	3,139,958	0	0	151,163	0	0	39,956	0	0	0	0	0	0	0	0	3,331,077

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	3,344,378	0	0	151,163	0	0	43,528	0	0	0	0	0	0	0	0	3,539,069

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes