

**SIERRA GRANDE SCHOOL DISTRICT R-30
BLANCA, COLORADO**

FINANCIAL STATEMENTS

June 30, 2021



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SIERRA GRANDE SCHOOL DISTRICT R-30

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Sierra Grande School District R-30
Blanca, Colorado



Wall,
Smith,
Bateman Inc.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for

Certified Public Accountants

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the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions in the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial schedules and the Colorado School Districts Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 10, 2021

SIERRA GRANDE SCHOOL DISTRICT R-30

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIERRA GRANDE SCHOOL DISTRICT R-30

Management's Discussion and Analysis for the Year Ended June 30, 2021

INTRODUCTION

The Sierra Grande School District Superintendent, District Bookkeeper and Administrative Assistant are making available to the general public in a narrative overview and analysis of the financial condition of the District. This narrative identifies the different funds currently used by the School District financial administration team in managing the revenues and expenditures of the District. This abstract is a management analysis of the 2021 fiscal year which began on July 1, 2020 and ended June 30, 2021.

This abstract is intended to be read and understood by any and all parents, taxpayers and residents of the School District. Its primary purpose is to allow all interested parties to examine in an uncomplicated form the financial condition of the District and to cause the reader to be satisfied with the financial condition of the District or to raise appropriate questions for discussion.

FINANCIAL HIGHLIGHTS

1. **General Fund** – During the 2020-2021 fiscal year the District was scheduled to receive \$2,731,676 in local property taxes and received \$2,631,295. Actual expenditures were \$2,854,697 less than budgeted.
2. **Government Designated Purpose Grants Funds** -The Governmental Designated Purpose Grants Fund beginning fund balance was \$0.00. The grant fund had revenue of \$99,786 of and expenditures of \$99,783 for an ending fund balance of \$3.00.
3. **Pupil Activity Fund** - The Pupil Activity Fund records financial transactions of school sponsored pupil intra-scholastic and interscholastic athletic and other related activities. The activities are supported primarily by the General Fund.

Other revenues such as gate receipts and fund raising events contribute to the revenues of this fund. The beginning fund balance for the fund was \$85,468 with revenues and transfers of \$76,346 and expenditures of \$82,411 for an ending fund balance of \$79,403.

4. **Food Service Fund**- The Food Service Fund had a beginning fund balance of \$11,659. The total revenues from the Federal and State Programs, General Fund transfers, and collections equal \$276,782. Expenditures for the 2021 fiscal year totaled \$267,412 leaving an end of the year fund balance of \$21,029.

The District personnel will inform the account holder of any revenues and expenses as they occur. The District will also inform the account holder of any irregularities that it identifies in the use of the account.

5. **Bond Redemption Fund-** The Bond Redemption had a beginning fund balance of \$811,938. The total revenues from property taxes equal \$1,313,211. Expenditures for the 2021 fiscal year totaled \$1,003,175 leaving an end of the year fund balance of \$1,121,974.
6. **Building Fund-** The Building Fund had a beginning fund balance of \$15,129,119. The total revenues equal \$16,841,806. Expenditures for the 2021 fiscal year totaled \$23,402,977, leaving an end of the year fund balance of \$8,567,948.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Statements

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

The two District-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.
- **Governmental activities-** Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget is prepared with liberal expenditures identified to assure that we do not overspend categories. However, we monitor each account on a monthly basis to ensure that each category maintains a significant and sizeable balance at any given time. Revenues are budgeted conservatively to reflect actual income as close as possible.

There are numerous budgetary practices. This approach has served the District well over the years.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

The District uses one type of fund:

- **Governmental funds-** The District's activity is included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of 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 operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at

the bottom of the governmental funds statements explains the relationship (or difference) between them.

The governmental funds are as follows:

- **General Fund-** (Governmental Fund) is used to account for all financial resources except those required to be accounted for in another fund (GASB 1300.104). The General fund is used to account for all ordinary operations of a school system.
- **Governmental Designated Purpose Grants Fund-** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The funds may be used to account for certain designated restricted local, state, and federal grants.
- **Pupil Activity Fund** -is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fund-raising activities.
- **Colorado Preschool Program Fund** - Moneys allocated pursuant to section 22-28-108(5.5) shall be deposited in the preschool program fund of the District. In addition, any other moneys of the District that may be used to pay the costs of providing preschool services directly to children enrolled in the District's preschool program pursuant to article 28 of this title may be deposited in the preschool program fund of the District. Expenditures from the fund shall only be made to pay the costs of providing preschool services directly to children enrolled in the District's preschool program pursuant to article 28 of this title. Such costs shall include teacher and paraprofessional salaries and benefits, supplies and materials, home visits, the entire cost of any preschool program contracted services, the costs of their parents, any associated professional development activities, costs that a District would not otherwise have incurred but for the services provided in conjunction with the five percent of such overhead costs. Any moneys remaining in the fund at the end of the year shall remain in the fund. This is accounted for as part of the General Fund.
- **Food Service Fund-** is used to record financial transactions related to food service operations. If the school District receives USDA school breakfast/lunch money this fund is required.
- **Bond Redemption Fund-** is used to account for the accumulation of resources for the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease – purchase debt.

- **Building Fund-** is used to account for all resources available for acquiring capital sites, building, and equipment. Specifically, bond and grand proceeds for the BEST K-12 construction project.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$19,727,433 on June 30, 2021, which was more than at June 30, 2020, increasing by \$19,336,464

Table 1 provides a summary of the District's net position for fiscal year 2020 and 2021.

Table 1
Condensed Statement of Net position

	Governmental Activities	
	2020	2021
Assets		
Current assets	\$19,994,957	\$16,060,310
Capital assets	\$6,939,633	\$30,489,256
Total assets	\$26,934,590	\$46,549,566
Deferred Outflows	\$699,776	\$2,082,770
Liabilities		
Current liabilities	\$1,536,158	\$3,492,073
Non-current liabilities	\$21,779,496	\$22,014,478
Total liabilities	\$23,315,654	\$25,956,551
Deferred Inflows of Resources:		
Deferred Revenue-Property Tax	\$316,970	\$ 228,248
Pensions	\$3,610,773	\$2,720,104
Net position		
Net investment in capital assets	\$5,427,943	\$14,431,484
Restricted for: TABOR	\$ 125,000	\$ 140,000
Restricted: Debt svc	\$811,938	\$1,121,974
Unrestricted	\$(5,973,912)	\$4,033,975
Total net position	\$390,969	\$19,727,433

The effect of the PERA pension and OPEB on the District's total net position for the fiscal Year 2020 and 2021 is summarized below:

	Fiscal Year 2021	Fiscal Year 2020
Net Position (GAAP Basis)	\$ 19,727,433	\$ 390,969
GASB 68- Pension	6,888,992	8,302,008
GASB 75- OPEB	278,002	292,742
Net Position Excluding Pension and OPEB	<u>\$ 26,894,427</u>	<u>\$ 8,985,719</u>

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

	Fiscal Year 2021	Fiscal Year 2020
Net Position (GAAP Basis)	\$ 4,033,975	\$ (5,973,912)
GASB 68- Pension	6,888,992	8,302,008
GASB 75- OPEB	278,002	292,742
Net Position Excluding Pension and OPEB	<u>\$ 11,200,969</u>	<u>\$ 2,620,838</u>

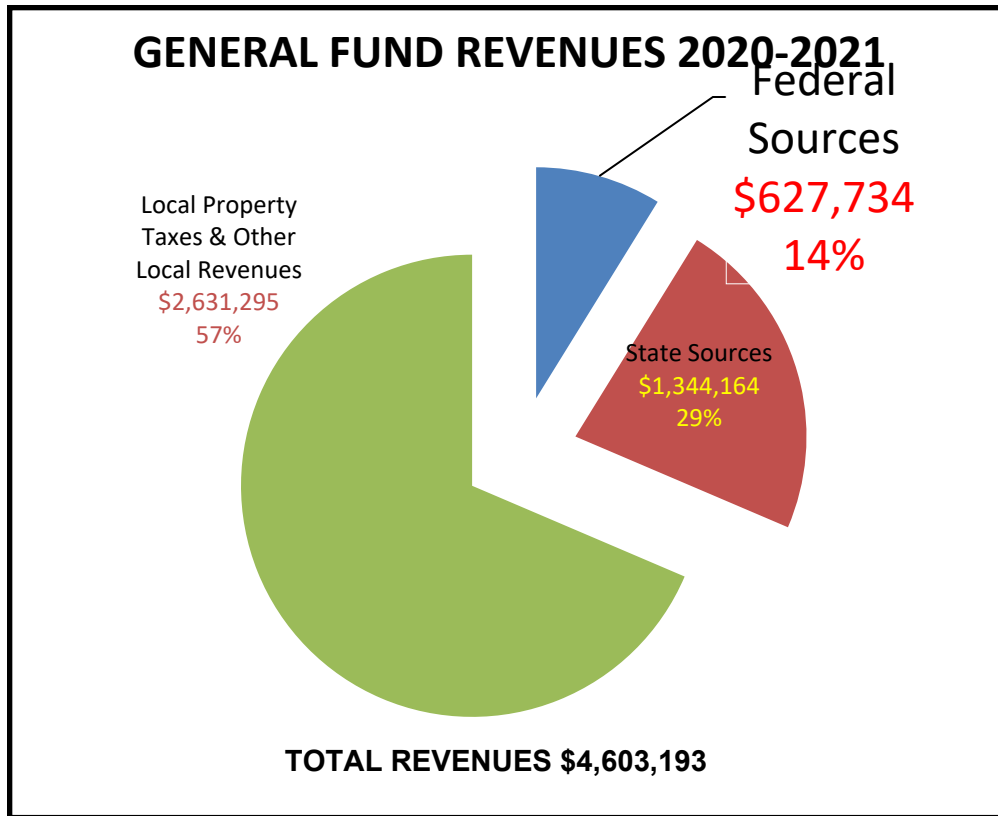
Table 2 shows the changes in net position for fiscal years 2020 and 2021

Table 2
Changes in Net position

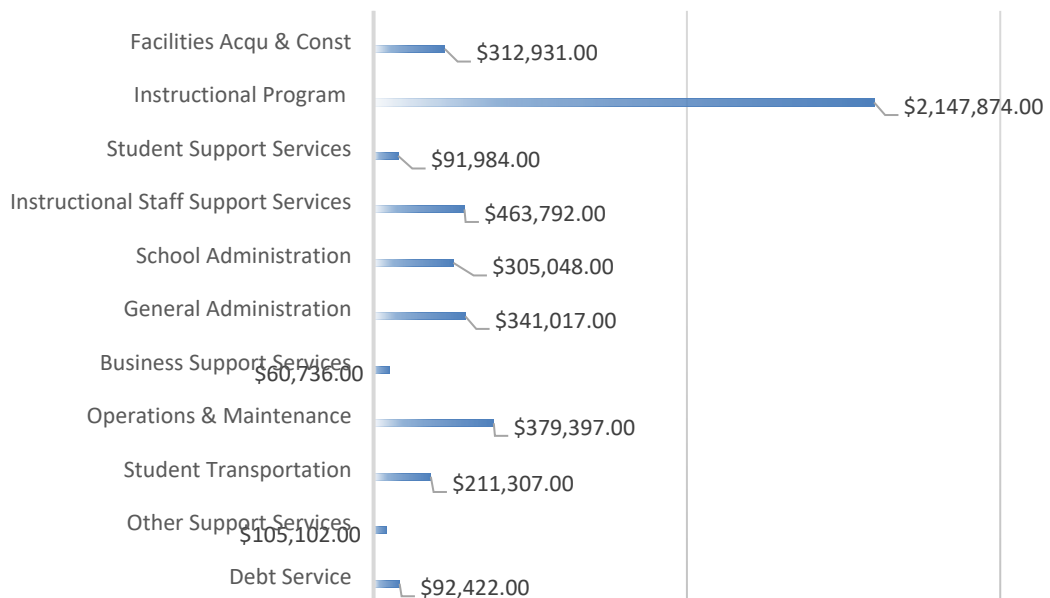
	Governmental Activities	
	2020	2021
Revenues		
Program revenues		
Charges for services	\$31,200	\$30,829
Operating grants & contributions	\$1,003,930	\$1,155,648
Capital grants & contributions	\$1,832,909	\$16,820,890
General Revenues		
Taxes	\$3,450,985	\$3,801,096
State Equalization	\$1,297,688	\$1,180,810
Interest on Investments	\$ 120,247	\$21,166
Transfers	\$ -	
Miscellaneous	\$ 144,336	\$135,685
Total revenues	\$7,881,295	\$23,146,124
Expenses		
Instructional Program	\$1,823,484	\$1,623,000
Student Supporting Services	\$ 67,153	\$54,876
Instructional Staff Supporting Services	\$328,119	\$386,581
General Administration Supporting Services	\$334,243	\$252,241
School Administration Supporting Services	\$234,976	\$167,952
Business Supporting Services	\$46,188	\$37,848

MDA Statement continued

Operations & Maintenance of Plant Services	\$332,754	\$320,402
Student Transportation Services	\$174,512	\$136,625
Other Support Services	\$67,593	\$105,120
Interest on Long-term Debt	\$307,929	\$512,560
Food Services	\$247,914	\$212,455
Facilities Acquisition & Const.	\$164,741	\$ 0
Total expenses	\$4,129,606	\$3,809,660
Increase (decrease) in net position	\$3,751,689	\$19,336,464
Net Position, Beginning of Year	\$(3,424,306)	\$390,969
Change in Accounting Principle	\$63,586	
Net Position, Beginning of Year	\$(3,360,720)	
Net Position, End of Year	\$390,969	\$19,727,433



2020-2021 GENERAL FUND EXPENDITURES



GRANTS

Revenue

State Sources

\$66,089

Subtotal State Sources

\$66,089

Federal Sources

\$33,697

Subtotal Federal Source

\$33,697

Local Sources

\$ 0

Total Grants Revenue

\$99,786

EXPENDITURES

Instructional Program

\$78,565

Instructional Staff Support Services

\$21,218

Total Grants Expenditures

\$99,783

GENERAL FUND ENDING FUND BALANCES	
2005	\$880,066
2006	\$620,894
2007	\$457,465
2008	\$385,171
2009	\$466,591
2010	\$532,930
2011	\$740,906
2012	\$880,313
2013	\$668,474
2014	\$470,187
2015	\$524,807
2016	\$877,514
2017	\$993,792
2018	\$1,310,482
2019	\$1,869,143
2020	\$2,689,832
2021	\$2,716,397

HISTORICAL DATA OCTOBER 1 STUDENT COUNT

FUNDED PUPIL COUNTS/FUNDING PER PUPIL			
October 1, 2001	FY2002	292.9	\$7393.54
October 1, 2002	FY2003	299.0	\$7757.84
October 1, 2003	FY2004	296.0	\$7926.37
October 1, 2004	FY2005	294.7	\$8156.45
October 1, 2005	FY2006	294.3	\$8199.49
October 1, 2006	FY2007	290.0	\$8554.74
October 1, 2007	FY2008	280.0	\$8959.81
October 1, 2008	FY2009	276.4	\$9278.95
October 1, 2009	FY2010	266.9	\$9880.49
October 1, 2010	FY2011	257.5	\$9710.14
October 1, 2011	FY2012	269.0	\$9054.47
October 1, 2012	FY2013	261.5	\$9181.69
October 1, 2013	FY2014	261.6	\$9350.22
October 1, 2014	FY2015	264.4	\$9830.10
October 1, 2015	FY2016	295.4	\$9903.05
October 1, 2016	FY2017	285.1	\$10,084.40
October 1, 2017	FY2018	254.4	\$11,905.05
October 1, 2018	FY2019	263.0	\$11,211.24
October 1, 2019	FY2020	247.5	\$11,662.28
October 1, 2020	FY2021	242.0	\$11,270.62

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$11,270.62 per funded student in FY 2021. In fiscal year 2020 the per pupil funding was \$11,662.28. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 40 percent of this funding from state equalization while 60 percent comes from local property and other taxes.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's major funds is located in the Notes to the Basic Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$23,146,124 and expenditures of \$29,367,386.

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2021, the District has \$30,489,256 in land, buildings, and equipment (including vehicles), net of accumulated depreciation.

Table 5 shows capital assets for 2020 and 2021.

Table 5
Capital Assets at June 30

	Governmental Activities	
	2020	2021
Land	\$295,253	\$650,721
Construction in Progress	\$2,640,716	\$25,841,922
Land Improvements	\$ 5,845	\$ 5,845
Buildings	\$7,639,013	\$7,798,496
Equipment & Vehicles	\$1,397,275	\$1,341,874
Accumulated depreciation	\$(5,038,469)	\$(5,149,602)
TOTAL	\$6,939,633	30,489,256

Additional information on the District's capital assets can be found in Note 7 in the Notes to the Basic Financial Statements.

LONG TERM LIABILITIES

Long-term liability balance for the year ended June 30, 2021, were as follows:

	Governmental Activities	
	2020	2021
Bond Payable	\$13,780,000	\$13,365,000
Unamortized Bond Premium	\$2,110,809	\$2,005,269
Lease Purchase Agreement	\$750,000	\$687,503
Compensated Absences	\$41,121	\$43,811
TOTAL	\$16,681,930	\$16,101,583

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, there was an identified trend of decreasing collections of delinquent taxes. There is also an identified trend in the escalation of prices in support services. Financial projections and planning need to continue in order to adequately budget for these items.

Additional funding to the district came through the Coronavirus Aid Relief, and Economic Security (CARES) Act which was enacted on March 27, 2020.

During fiscal year 2022, the District will be continuing work on the BEST construction project with construction estimated to be completed in June 2022. Estimated total cost of the new building is \$48,993,092. Construction costs incurred through June 30, 2021, were \$25,841,922. The District is using bond proceeds and BEST grant funds for the project.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact:

FINANCIAL ADMINISTRATION TEAM

Darren Edgar, Superintendent

Tammy Ann Mizokami, Business Manager

DeAnn Arellano, District Secretary

BOARD OF EDUCATION

Esmeralda Martinez

Katherine Lancaster

Ramon Garcia

Walter Roybal

Sierra Grande School District R-30

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Blanca, CO 81123

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SIERRA GRANDE SCHOOL DISTRICT R-30

BASIC FINANCIAL STATEMENTS

SIERRA GRANDE SCHOOL DISTRICT R-30
STATEMENT OF NET POSITION
June 30, 2021

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 11,008,973
Property Tax Receivable	228,248
Accounts Receivable	230,082
Due from Other Governments	4,556,697
Prepaid Expenses	33,235
Inventory	3,075
Total Current Assets	<u>16,060,310</u>
Noncurrent Assets	
Capital Assets:	
Construction in Progress	25,841,922
Land and Land Improvements	656,566
Buildings	7,798,496
Equipment and Vehicles	1,341,874
Less: Accumulated Depreciation	(5,149,602)
Total Noncurrent Assets	<u>30,489,256</u>
TOTAL ASSETS	<u>46,549,566</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	2,055,150
OPEB	27,620
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,082,770</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	2,943,685
Accrued Salaries and Benefits	340,410
Unearned Grant Revenue	41,213
Lease Purchase Agreements	64,991
General Obligation Bonds	550,540
Compensated Absences	1,234
Total Current Liabilities	<u>3,942,073</u>
Noncurrent Liabilities	
Lease Purchase Agreements	622,512
General Obligation Bonds	14,819,729
Compensated Absences	42,577
Net Pension Liability	6,300,610
Net OPEB Liability	229,050
Total Noncurrent Liabilities	<u>22,014,478</u>
TOTAL LIABILITIES	<u>25,956,551</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
STATEMENT OF NET POSITION
June 30, 2021

	<u>Primary Government Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	2,643,532
OPEB	76,572
Unavailable Revenue- Property Tax	<u>228,248</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,948,352</u>
NET POSITION	
Net Investment in Capital Assets	14,431,484
Restricted for:	
TABOR	140,000
Debt Service	1,121,974
Unrestricted	<u>4,033,975</u>
TOTAL NET POSITION	<u><u>\$ 19,727,433</u></u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 1,623,000	\$ -	\$ 822,692	\$ -	\$ (800,308)
Student Support Services	54,876	-	59,686	-	4,810
Instructional Staff Support Services	386,581	-	21,219	-	(365,362)
General Administration Support Services	252,241	8,705	-	-	(243,536)
School Administration Support Services	167,952	-	-	-	(167,952)
Business Support Services	37,848	-	-	-	(37,848)
Operations and Maint. of Plant Services	320,402	-	-	-	(320,402)
Student Transportation Services	136,625	-	43,623	-	(93,002)
Food Services	212,455	22,124	208,428	-	18,097
Other Support Services	105,120	-	-	-	(105,120)
Facilities Acquisition and Const. Services	-	-	-	16,820,890	16,820,890
Interest on Long-term Debt	512,560	-	-	-	(512,560)
Total Governmental Activities	3,809,660	30,829	1,155,648	16,820,890	14,197,707
Total Primary Government	\$ 3,809,660	\$ 30,829	\$ 1,155,648	\$ 16,820,890	14,197,707
General Revenues					
Taxes:					
General Property Taxes					3,460,753
Specific Ownership Taxes					166,729
Other Taxes					173,614
State Equalization					1,180,810
Interest on Investments					21,166
Miscellaneous					135,685
Total General Revenues					5,138,757
Change in Net Position					19,336,464
Net Position, Beginning of Year					390,969
Net Position, End of Year					\$ 19,727,433

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	GENERAL FUND	BOND REDEMPTION FUND	BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 2,571,206	\$ 800,060	\$ 7,485,862	\$ 151,845	\$ 11,008,973
Property Tax Receivable	146,849	81,399	-	-	228,248
Accounts Receivable	147,571	82,511	-	-	230,082
Due from Other Governments	438,877	239,403	3,869,425	8,992	4,556,697
Prepaid Expenses	33,235	-	-	-	33,235
Inventory	-	-	-	3,075	3,075
TOTAL ASSETS	\$ 3,337,738	\$ 1,203,373	\$ 11,355,287	\$ 163,912	\$ 16,060,310
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 153,986	\$ -	\$ 2,787,339	\$ 2,360	\$ 2,943,685
Accrued Salaries and Benefits	319,761	-	-	20,649	340,410
Unearned Grant Revenue	745	-	-	40,468	41,213
TOTAL LIABILITIES	474,492	-	2,787,339	63,477	3,325,308
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue- Property Tax	146,849	81,399	-	-	228,248
FUND BALANCE					
Nonspendable					
Inventory/Prepaid Expenditures	33,235	-	-	3,075	36,310
Restricted for					
TABOR	140,000	-	-	-	140,000
Debt Service	-	1,121,974	-	-	1,121,974
Capital Projects	-	-	8,567,948	-	8,567,948
Committed					
Preschool	2,565	-	-	-	2,565
Grant Programs	-	-	-	3	3
Pupil Activities	-	-	-	79,403	79,403
Food Services	-	-	-	17,954	17,954
Assigned					
Subsequent Year Expenditures	1,541,742	-	-	-	1,541,742
Unassigned	998,855	-	-	-	998,855
TOTAL FUND BALANCE	2,716,397	1,121,974	8,567,948	100,435	12,506,754
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,337,738	\$ 1,203,373	\$ 11,355,287	\$ 163,912	\$ 16,060,310

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total governmental fund balances	\$ 12,506,754
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,489,256
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.	2,082,770
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	\$ (13,365,000)
Bond Premium	(2,005,269)
Lease Purchase Agreements	(687,503)
Compensated Absences	(43,811)
	<u>(16,101,583)</u>
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(6,529,660)
Certain amounts related to the net pension and OPEB liability are deferred and amortized over time. These are not reported in the funds.	<u>(2,720,104)</u>
Net position of governmental activities	<u><u>\$ 19,727,433</u></u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2021

	GENERAL FUND	BOND REDEMPTION FUND	BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 2,631,295	\$ 1,313,211	\$ 20,916	\$ 79,700	\$ 4,045,122
State Sources	1,344,164	-	16,820,890	67,649	18,232,703
Federal Sources	627,734	-	-	240,565	868,299
TOTAL REVENUES	4,603,193	1,313,211	16,841,806	387,914	23,146,124
EXPENDITURES					
Instructional Program	2,147,874	-	-	160,976	2,308,850
Student Support Services	91,984	-	-	-	91,984
Instructional Staff Support Services	463,792	-	-	21,218	485,010
General Administration Support Services	341,017	-	-	-	341,017
School Administration Support Services	305,048	-	-	-	305,048
Business Support Services	60,736	-	-	-	60,736
Operations and Maint. of Plant Services	379,397	-	-	-	379,397
Student Transportation Services	211,307	-	-	-	211,307
Food Services	-	-	-	267,412	267,412
Other Support Services	105,120	-	-	-	105,120
Facilities Acquisition and Const. Costs	312,931	-	23,402,977	-	23,715,908
Debt Service	92,422	1,003,175	-	-	1,095,597
TOTAL EXPENDITURES	4,511,628	1,003,175	23,402,977	449,606	29,367,386
Excess (deficiency) of revenues over expenditures	91,565	310,036	(6,561,171)	(61,692)	(6,221,262)
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	-	-	-	65,000	65,000
Transfers To Other Funds	(65,000)	-	-	-	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	(65,000)	-	-	65,000	-
Net Change in Fund Balance	26,565	310,036	(6,561,171)	3,308	(6,221,262)
Fund Balance, Beginning of Year	2,689,832	811,938	15,129,119	97,127	18,728,016
Fund Balance, End of Year	\$ 2,716,397	\$ 1,121,974	\$ 8,567,948	\$ 100,435	\$ 12,506,754

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ (6,221,262)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

Capital Asset Additions	\$ 23,769,721	
Depreciation expense	<u>(220,098)</u>	
		23,549,623

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bond Payment	\$ 415,000	
Bond Premium Amortization	105,540	
Principal payments on lease purchase agreements	<u>62,497</u>	
		583,037

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(2,690)
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.

Change in net position of governmental activities	<u><u>\$ 19,336,464</u></u>
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SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Sierra Grande School District R-30 is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the District has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Bond Redemption Fund** is used to account for the accumulation of resources for the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.
- The **Building Fund** is used to account for all resources available for acquiring capital sites, buildings, and equipment. Specifically, bond and grant proceeds for the BEST K-12 construction project.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between governmental activities and business-type activities which are presented as internal balances and eliminated in the total primary government column.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2021 have been recorded in the financial statements as an asset and a corresponding deferred inflows of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital Assets, which include land, land improvements, buildings, equipment, vehicles, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15-50
Buildings	10-50
Equipment	3-20
Vehicles	8-10

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

Employees of the District may accumulate sick leave up to 60 days. Upon retirement from the District, an employee will receive one-half the certified substitute teacher's rate per day for each sick day accumulated. Employees leaving the District for any other reason will receive one-fourth the daily substitute rate for each sick day accumulated. A liability is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions must be deferred.

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 fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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 fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Sierra Grande School District R-30 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2021.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks	\$ 1,541,735
COLOTRUST Investments	<u>9,467,238</u>
Total cash, deposits, and investments on the Statement of Net Position	<u><u>\$ 11,008,973</u></u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

all public funds 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 102% to the aggregate uninsured deposit.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$3,899,857 of the District's bank balance of \$4,162,571 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

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

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

Fair Value- Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs. The District does not have any investments measured at fair value at June 30, 2021.

The District invested \$9,467,238 in the Colorado Government Liquid Asset Trust (COLOTRUST), a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State Statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by the U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2021, the District had an estimated property tax receivable of \$228,248.

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2021, the District had \$4,556,697 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended June 30, 2021, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 45,000
Student Activity Fund	General Fund	20,000
		<u>\$ 65,000</u>

The General Fund transferred funds into the Food Service Fund and Student Activity Fund to subsidize these funds.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 CAPITAL ASSETS

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

	Balance 06/30/2020	Additions	Deletions	Balance 06/30/2021
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 295,253	\$ 355,468	\$ -	\$ 650,721
Construction In Progress	2,640,716	23,201,206	-	25,841,922
Total capital assets not being depreciated	<u>2,935,969</u>	<u>23,556,674</u>	<u>-</u>	<u>26,492,643</u>
Capital assets being depreciated				
Land improvements	5,845	-	-	5,845
Buildings	7,639,013	159,483	-	7,798,496
Equipment	577,176	-	-	577,176
Vehicles	820,099	53,564	108,965	764,698
Total capital assets being depreciated	<u>9,042,133</u>	<u>213,047</u>	<u>108,965</u>	<u>9,146,215</u>
Less accumulated depreciation for:				
Land improvements	3,504	292	-	3,796
Buildings	3,833,750	168,945	-	4,002,695
Equipment	532,845	13,704	-	546,549
Vehicles	668,370	37,157	108,965	596,562
Total accumulated depreciation	<u>5,038,469</u>	<u>220,098</u>	<u>108,965</u>	<u>5,149,602</u>
Total Capital Assets being depreciated, net	<u>4,003,664</u>	<u>(7,051)</u>	<u>-</u>	<u>3,996,613</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,939,633</u>	<u>\$ 23,549,623</u>	<u>\$ -</u>	<u>\$ 30,489,256</u>

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

<i>Governmental activities:</i>	
Instructional Program	\$ 166,748
Instructional Staff Support Services	7,062
Operations and Maintenance of Plant Services	8,074
Student Transportation Services	37,157
Food Services	<u>1,057</u>
Total depreciation expense – governmental activities	<u>\$ 220,098</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of

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salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$340,410.

NOTE 9 OPERATING LEASES

The District has entered into several operating lease arrangements for several copy machines. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$43,444.

NOTE 10 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2021, were as follows:

	Beginning Balance 06/30/2020	Additions	Deletions	Ending Balance 06/30/2021	Due Within One Year
<i>Governmental Activities:</i>					
Bonds Payable	\$ 13,780,000	\$ -	\$ (415,000)	\$ 13,365,000	\$ 445,000
Unamortized Bond Premium	2,110,809	-	(105,540)	2,005,269	105,540
Lease Purchase Agreements	750,000	-	(62,497)	687,503	64,991
Compensated Absences	41,121	2,690	-	43,811	1,234
Total	<u>\$ 16,681,930</u>	<u>\$ 2,690</u>	<u>\$ (583,037)</u>	<u>\$ 16,101,583</u>	<u>\$ 616,765</u>

General Obligation Bond Payable

On December 9, 2019, the District issued General Obligation Bonds Series 2019 in the amount of \$13,780,000 with an interest rate of 5.00% to be paid in full December 1, 2039. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of the new school building and facilities. Principal is due annually on December 1, and interest at a rate of 3%-5% is due semiannually on June 1, and December 1. Payments are made through the Bond Redemption Fund.

The annual debt service for the General Obligation Bond Payable is as follows:

	Principal	Interest	Total
FY 2022	\$ 445,000	\$ 577,800	\$ 1,022,800
FY 2023	470,000	555,550	1,025,550
FY 2024	490,000	532,050	1,022,050
FY 2025	515,000	507,550	1,022,550
FY 2026	540,000	481,800	1,021,800
FY 2027-31	3,145,000	1,974,500	5,119,500
FY 2032-36	3,980,000	1,142,950	5,122,950
FY 2037-40	3,780,000	316,250	4,096,250
	<u>\$ 13,365,000</u>	<u>\$ 6,088,450</u>	<u>\$ 19,453,450</u>

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Lease Purchase Agreement

The District entered into a \$750,000 lease purchase agreement with San Luis Valley Federal Bank, payable in annual installments of \$92,422, beginning May 15, 2021, at 3.99% interest, to pay off the existing lease purchase agreement with First Southwest Bank and finance the purchase of land, teacher housing, and a new bus. The final payment is due May 15, 2030. The lease is collateralized by District vehicles, recorded in capital assets of the government-wide financial statements at \$711,135 less accumulated depreciation of \$590,010. The principal balance at June 30, 2021 was \$750,000.

The future minimum lease payments are as follows:

	Principal	Interest	Total
FY 2022	64,991	27,431	92,422
FY 2023	67,584	24,838	92,422
FY 2024	70,220	22,202	92,422
FY 2025	73,082	19,340	92,422
FY 2026	75,998	16,424	92,422
FY 2027-2030	335,628	34,168	369,796
	<u>\$ 687,503</u>	<u>\$ 144,403</u>	<u>\$ 831,906</u>

NOTE 11 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

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

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

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

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

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Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$455,572, for the year ended June 30, 2021.

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

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

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the District reported a liability of \$6,300,610 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Sierra Grande School District's proportionate share of the net position liability	\$ 6,300,610
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Sierra Grande School District	-
Total	<u>\$ 6,300,610</u>

At December 31, 2020, the District's proportion was 0.0417 percent, which was an increase of 0.0054 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$1,413,016) and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 346,187	\$ -
Changes in assumptions and other inputs	606,100	1,059,079
Net difference between projected and actual earnings on pension plan investments	-	1,386,908
Changes in proportion and differences between contributions recognized and proportionate share of contributions	867,425	197,545
Contributions subsequent to the measurement date	235,438	-
Total	<u>\$ 2,055,150</u>	<u>\$ 2,643,532</u>

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\$235,438 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ (917,191)
2023	415,393
2024	(103,230)
2025	(218,792)
2026	-
Thereafter	-

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.25
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

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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 current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the state's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates 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 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's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	<u>\$ 8,594,548</u>	<u>\$ 6,300,610</u>	<u>\$ 4,389,004</u>

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

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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 on behalf of benefit recipients not covered by Medicare Part A.

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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 \$23,374 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$229,050 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District proportion was 0.0241 percent, which was an increase of 0.0004 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the District recognized OPEB expense of (\$14,740). At June 30, 2021, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 608	\$ 50,356
Net difference between projected and actual earnings on OPEB plan investments	-	9,359
Changes of assumptions or other inputs	1,712	14,046
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13,220	-
Contributions subsequent to the measurement date	12,080	2,811
Total	<u>\$ 27,620</u>	<u>\$ 76,572</u>

\$12,080 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	(13,504)
2023	(12,195)
2024	(14,189)
2025	(15,611)
2026	(5,208)
Thereafter	(325)

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

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

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

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

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

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

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

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

	Trust Fund School Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.40%-11.00%

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

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

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

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

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

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

Post-retirement non-disabled 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.

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.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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 Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 223,130	\$ 229,050	\$ 235,942

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection year, 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 projection test indicates the HCTF's fiduciary net position 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.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	<u>\$ 262,382</u>	<u>\$ 229,050</u>	<u>\$ 200,572</u>

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 13 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 CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$6,410 for the Voluntary Investment Program.

NOTE 14 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley 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 Board of BOCES is selected from the elected members of the District Boards. The District has one member on

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2021. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2021. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Aid, Relief, Economic Security (CARES) Act and ESSER funding has been rewarded to the District to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

Construction Projects

During fiscal year 2022, the District will be continuing work on the BEST construction project with construction estimated to be completed in June 2022. Estimated total cost of the new building is \$48,993,092. Construction costs incurred through June 30, 2021, were \$25,841,922. The District is using bond proceeds and BEST grant funds for the project.

NOTE 16 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. On November 5, 1996, the registered voters approved a ballot question which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is presented as a restricted fund balance on the General Fund balance sheet and a restricted net position on the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 17 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from the Colorado School Districts Self-Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

SIERRA GRANDE SCHOOL DISTRICT R-30

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liability are required to supplement the basic financial statements.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Local Sources	\$ 2,880,719	\$ 2,731,676	\$ 2,631,295	\$ (100,381)
State Sources	1,456,431	1,111,871	1,344,164	232,293
Federal Sources	-	627,946	627,734	(212)
TOTAL REVENUES	4,337,150	4,471,493	4,603,193	131,700
EXPENDITURES				
Instructional Program	2,418,088	3,487,906	2,147,874	1,340,032
Student Support Services	179,780	183,780	91,984	91,796
Instructional Staff Support Services	394,741	784,202	463,792	320,410
General Administration Support Services	556,952	508,785	341,017	167,768
School Administration Support Services	361,950	410,960	305,048	105,912
Business Support Services	69,162	71,476	60,736	10,740
Operations and Maintenance of Plant Services	660,414	846,037	379,397	466,640
Student Transportation Services	261,825	351,941	211,307	140,634
Other Support Services	366,500	168,000	105,120	62,880
Facilities Acquisition and Construction Costs	-	-	312,931	(312,931)
Debt Service	120,000	120,500	92,422	28,078
Reserves	432,738	432,738	-	432,738
TOTAL EXPENDITURES	5,822,150	7,366,325	4,511,628	2,854,697
Excess (deficiency) of revenues over expenditures	(1,485,000)	(2,894,832)	91,565	2,986,397
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	250,000	290,000	-	(290,000)
Transfers to Other Funds	(65,000)	(85,000)	(65,000)	20,000
TOTAL OTHER FINANCING SOURCES (USES)	185,000	205,000	(65,000)	(270,000)
Net change in fund balance	(1,300,000)	(2,689,832)	26,565	2,716,397
Fund Balance, Beginning of Year	1,300,000	2,689,832	2,689,832	-
Fund Balance, End of Year	\$ -	\$ -	\$ 2,716,397	\$ 2,716,397

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0416762617%	0.0362612363%	0.0369372517%	0.0400640145%	0.0397991235%	0.0402431670%	0.0424451519%	0.0446345470%
District's proportionate share of the net pension liability (asset)	\$ 6,300,610	\$ 5,417,350	\$ 6,540,499	\$ 12,955,278	\$ 11,849,738	\$ 6,154,908	\$ 5,752,744	\$ 5,693,124
State's proportionate share of the net pension liability (asset) associated with the District	-	687,122	894,322	-	-	-	-	-
Total	<u>6,300,610</u>	<u>6,104,472</u>	<u>7,434,821</u>	<u>\$ 12,955,278</u>	<u>\$ 11,849,738</u>	<u>\$ 6,154,908</u>	<u>\$ 5,752,744</u>	<u>\$ 5,693,124</u>
District's covered payroll	\$ 2,229,089	\$ 2,131,131	\$ 2,030,639	\$ 1,848,104	\$ 1,785,504	\$ 1,752,228	\$ 1,778,071	\$ 1,781,788
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	283%	254%	322%	701%	664%	351%	324%	320%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.1%	59.2%	62.8%	64.1%

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

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

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 455,572	\$ 420,985	\$ 393,805	\$ 374,314	\$ 328,881	\$ 313,647	\$ 298,670	\$ 287,379	\$ 263,689	\$ 241,589
Contributions in relation to the contractually required contribution	<u>(455,572)</u>	<u>(420,985)</u>	<u>(393,805)</u>	<u>(374,314)</u>	<u>(328,881)</u>	<u>(313,647)</u>	<u>(298,670)</u>	<u>(287,379)</u>	<u>(263,689)</u>	<u>(241,589)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,291,608	\$ 2,172,260	\$ 2,058,570	\$ 1,980,948	\$ 1,788,649	\$ 1,767,531	\$ 1,768,375	\$ 1,797,673	\$ 1,756,162	\$ 1,650,356
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.90%	18.39%	17.74%	16.89%	15.99%	15.02%	14.64%

See Notes to the Required Supplementary Information.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTH CARE TRUST FUND
For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0241404869%	0.0237013940%	0.0240094166%	0.0227641992%	0.0226222727%
District's proportionate share of the net OPEB liability (asset)	\$ 229,050	\$ 266,403	\$ 326,658	\$ 295,844	\$ 293,305
District's covered payroll	\$ 2,229,089	\$ 2,131,131	\$ 2,030,639	\$ 1,848,104	\$ 1,785,504
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	20.07%

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

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

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF DISTRICT CONTRIBUTIONS
COLORADO PERA HEALTH CARE TRUST FUND
For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 23,374	\$ 22,157	\$ 20,997	\$ 20,206	\$ 18,244	\$ 18,029	\$ 18,038	\$ 18,336	\$ 17,913	\$ 16,834
Contributions in relation to the contractually required contribution	<u>(23,374)</u>	<u>(22,157)</u>	<u>(20,997)</u>	<u>(20,206)</u>	<u>(18,244)</u>	<u>(18,029)</u>	<u>(18,038)</u>	<u>(18,336)</u>	<u>(17,913)</u>	<u>(16,834)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,291,608	\$ 2,172,260	\$ 2,058,570	\$ 1,980,948	\$ 1,788,649	\$ 1,767,531	\$ 1,768,375	\$ 1,797,673	\$ 1,756,162	\$ 1,650,356
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See Notes to the Required Supplementary Information.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - o 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.
 - o 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 changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - o Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - o Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.78%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2020

- 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.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - o 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.
 - o 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 changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - o Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - o Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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.
The PERA benefit structure for PERACare Medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.5 percent in 2019.

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

SIERRA GRANDE SCHOOL DISTRICT R-30

SUPPLEMENTARY INFORMATION

The combining financial statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

SIERRA GRANDE SCHOOL DISTRICT R-30
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Food Service Fund – This fund is used to account for the operations of the school breakfast and lunch programs. Revenues are derived from District contributions and student and adult charges.

Governmental Designated Purpose Grants Fund – This fund is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.

Student Activity Fund – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

SIERRA GRANDE SCHOOL DISTRICT R-30
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	SPECIAL REVENUE FUNDS			
	GOVERNMENTAL			TOTAL
	FOOD SERVICE FUND	DESIGNATED PURPOSE GRANTS FUND	STUDENT ACTIVITY FUND	NONMAJOR GOVERNMENTAL
ASSETS				
Cash and Cash Equivalents	\$ 24,708	\$ 47,734	\$ 79,403	\$ 151,845
Due From Other Governments	8,992	-	-	8,992
Inventory	3,075	-	-	3,075
TOTAL ASSETS	<u>\$ 36,775</u>	<u>\$ 47,734</u>	<u>\$ 79,403</u>	<u>\$ 163,912</u>
LIABILITIES				
Accounts Payable	\$ 2,210	\$ 150	\$ -	\$ 2,360
Accrued Salaries and Benefits	13,536	7,113	-	20,649
Unearned Grant Revenue	-	40,468	-	40,468
TOTAL LIABILITIES	<u>15,746</u>	<u>47,731</u>	<u>-</u>	<u>63,477</u>
FUND BALANCE				
Nonspendable	3,075	-	-	3,075
Committed				
Pupil Activities	-	-	79,403	79,403
Debt Service	-	-	-	-
Food Service	17,954	-	-	17,954
Grants	-	3	-	3
TOTAL FUND BALANCE	<u>21,029</u>	<u>3</u>	<u>79,403</u>	<u>100,435</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 36,775</u>	<u>\$ 47,734</u>	<u>\$ 79,403</u>	<u>\$ 163,912</u>

SIERRA GRANDE SCHOOL DISTRICT R-30
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2021

	SPECIAL REVENUE FUNDS			
	GOVERNMENTAL			
	DESIGNATED			
	FOOD	PURPOSE	STUDENT	TOTAL
	SERVICE	GRANTS	ACTIVITY	NONMAJOR
	FUND	FUND	FUND	GOVERNMENTAL
REVENUES				
Local Sources	\$ 23,354	\$ -	\$ 56,346	\$ 79,700
State Sources	1,560	66,089	-	67,649
Federal Sources	206,868	33,697	-	240,565
TOTAL REVENUES	231,782	99,786	56,346	387,914
EXPENDITURES				
Instructional Program	-	78,565	82,411	160,976
Instructional Staff Support Services	-	21,218	-	21,218
Food Services	267,412	-	-	267,412
TOTAL EXPENDITURES	267,412	99,783	82,411	449,606
Excess (deficiency) of revenues over expenditures	(35,630)	3	(26,065)	(61,692)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	45,000	-	20,000	65,000
Transfers to Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	45,000	-	20,000	65,000
Net Change in Fund Balance	9,370	3	(6,065)	3,308
Fund Balance, Beginning of Year,	11,659	-	85,468	97,127
Fund Balance, End of Year	\$ 21,029	\$ 3	\$ 79,403	\$ 100,435

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Local Sources	\$ 23,639	\$ 57,000	\$ 23,354	\$ (33,646)
State Sources	1,469	1,660	1,560	(100)
Federal Sources	221,774	224,681	206,868	(17,813)
TOTAL REVENUES	246,882	283,341	231,782	(51,559)
EXPENDITURES				
Food Services				
Salaries	102,362	112,362	93,420	18,942
Fringe Benefits	42,023	44,519	46,111	(1,592)
Purchased Services	13,587	17,825	2,686	15,139
Food, Commodities, and Supplies	160,323	174,338	121,164	53,174
Other Purchased Services	-	10,956	4,031	6,925
TOTAL EXPENDITURES	318,295	360,000	267,412	92,588
Excess (deficiency) of revenues over expenditures	(71,413)	(76,659)	(35,630)	41,029
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	45,000	65,000	45,000	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	45,000	65,000	45,000	(20,000)
Net change in fund balance	(26,413)	(11,659)	9,370	21,029
Fund Balance, Beginning of Year	26,413	11,659	11,659	-
Fund Balance, End of Year	\$ -	\$ -	\$ 21,029	\$ 21,029

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ -	\$ 20,000	\$ -	\$ (20,000)
State Sources	74,500	119,255	66,089	(53,166)
Federal Sources	42,931	34,433	33,697	(736)
TOTAL REVENUES	117,431	173,688	99,786	(73,902)
EXPENDITURES				
Instructional Program	98,226	156,933	78,565	78,368
Instructional Staff Support Services	19,205	16,755	21,218	(4,463)
TOTAL EXPENDITURES	117,431	173,688	99,783	73,905
Excess (deficiency) of revenues over expenditures	-	-	3	3
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net change in fund balance	-	-	3	3
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 3	\$ 3

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Local Sources				
Student Athletics and Activities	\$ 50,557	\$ 25,000	\$ 56,346	\$ 31,346
Interest on Investments	-	-	-	-
TOTAL REVENUES	<u>50,557</u>	<u>25,000</u>	<u>56,346</u>	<u>31,346</u>
EXPENDITURES				
Instructional Program	<u>72,100</u>	<u>130,468</u>	<u>82,411</u>	<u>48,057</u>
TOTAL EXPENDITURES	<u>72,100</u>	<u>130,468</u>	<u>82,411</u>	<u>48,057</u>
Excess (deficiency) of revenues over expenditures	<u>(21,543)</u>	<u>(105,468)</u>	<u>(26,065)</u>	<u>79,403</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(1,543)	(85,468)	(6,065)	79,403
Fund Balance, Beginning of Year	<u>1,543</u>	<u>85,468</u>	<u>85,468</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 79,403</u></u>	<u><u>\$ 79,403</u></u>

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Local Sources				
Bond Tax Revenue	\$ 1,350,000	\$ 1,250,000	1,313,211	63,211
TOTAL REVENUES	<u>1,350,000</u>	<u>1,250,000</u>	<u>1,313,211</u>	<u>63,211</u>
EXPENDITURES				
Debt Services	<u>1,350,000</u>	<u>1,250,000</u>	<u>1,003,175</u>	<u>246,825</u>
TOTAL EXPENDITURES	<u>1,350,000</u>	<u>1,250,000</u>	<u>1,003,175</u>	<u>246,825</u>
Excess (deficiency) of revenues over expenditures	-	-	310,036	310,036
OTHER FINANCING SOURCES (USES)				
Interest on Investments	-	-	-	-
Transfer to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	310,036	310,036
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>811,938</u>	<u>811,938</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,121,974</u>	<u>\$ 1,121,974</u>

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Local Sources	\$ -	\$ -	\$ 20,916	\$ 20,916
State Sources	20,000,000	25,000,000	16,820,890	(8,179,110)
TOTAL REVENUES	20,000,000	25,000,000	16,841,806	(8,158,194)
EXPENDITURES				
Facilities Acquisition and Construction Services	20,000,000	25,000,000	23,402,977	1,597,023
TOTAL EXPENDITURES	20,000,000	25,000,000	23,402,977	1,597,023
Excess (deficiency) of revenues over expenditures	-	-	(6,561,171)	(6,561,171)
OTHER FINANCING SOURCES (USES)				
Bond Issued	-	-	-	-
Debt Issuance Costs	-	-	-	-
Transfers from Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net change in fund balance	-	-	(6,561,171)	(6,561,171)
Fund Balance, Beginning of Year	-	-	15,129,119	15,129,119
Fund Balance, End of Year	\$ -	\$ -	\$ 8,567,948	\$ 8,567,948

SIERRA GRANDE SCHOOL DISTRICT R-30

SINGLE AUDIT SECTION

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
U.S. Department of Agriculture			
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	\$ 11,981
COVID- 19 Summer Food Service Program	10.559	Colorado Department of Education, 4559	49,209
Summer Food Service Program	10.559	Colorado Department of Education, 4559	140,351
Total National School Lunch Program			201,541
<i>Total Child Nutrition Cluster</i>			201,541
<i>Total All Clusters</i>			201,541
<i>Other Programs</i>			
U.S. Department of Agriculture			
Federal Fresh Fruit & Vegetable Program	10.582	Colorado Department of Education, 4582	5,327
<i>Total U.S. Department of Agriculture</i>			5,327
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	165,472
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	12,478
Elementary and Secondary School Emergency Relief Fund	84.425D	Colorado Department of Education, 4425	136,371
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	1,650
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	21,219
<i>Total U.S. Department of Education</i>			337,190
U.S. Department of Treasury			
Coronavirus Relief Fund	21.019	Colorado Department of Education, 4012	324,241
<i>Total U.S. Department of Treasury</i>			324,241
<i>Total Other Programs</i>			666,758
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 868,299</u></u>

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Sierra Grande School District R-30 did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2021. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2: BASIS OF PRESENTATION

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

NOTE 3: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

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



Wall,
Smith,
Bateman Inc.

To the Board of Education
Sierra Grande School District R-30
Blanca, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Grande School District R-30 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001 that we consider to be a material weakness.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Compliance and Other Matters

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

District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 10, 2021

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



To the Board of Education
Sierra Grande School District R-30
Blanca, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding 2021-002, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 10, 2021

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? X yes none reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?

 yes X no

Section II – Financial Statement Findings

Finding 2021-001: Internal Control over Financial Reporting

Type of finding: Internal Control (material weakness) (Repeat of Finding 2020-001)

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, non-routine transactions and financial statement preparation.

Condition: The District’s internal controls did not detect and correct all financial misstatements.

Cause: The District has not cross-trained all staff to ensure reconciliation and review processes over the general ledger.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Effect: Audit adjustments were proposed to properly state the District's financial statements as of June 30, 2021, in accordance with generally accepted accounting principles.

Recommendation: The District should strengthen its internal controls with cross-training all employees to include a review process over the general ledger that is segregated from the individual who completes the reconciliation, to ensure accurate reporting. The District should consider that this might require additional finance staff.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

Finding 2021-002: **Elementary and Secondary School Emergency Relief Fund (ESSER I)**
 CFDA No. 84.425D
 U.S. Department of Education

Passed through Colorado Department of Education

Compliance Requirements: Reporting

Grant No.: 4425

Type of finding: Internal Control Over Compliance (significant deficiency)

Condition: The District was unaware of the due date to file the annual financial report.

Cause: The District does not have a complete system of internal control to identify this requirement.

Criteria: The receipt of federal funding requires timely submission of status and annual financial reports.

Effect: There is a risk that the District may not comply with grant reporting deadlines.

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure compliance with federal program requirements.

Grantee's Response: See corrective action plan.

**SIERRA GRANDE SCHOOL DISTRICT R-30
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021**

Section II – Financial Statement Findings

Finding 2020-001: Internal Control Over Financial Reporting

Type of finding: Internal Control (material weakness)

Condition/Cause: The District does not have a complete system of internal control to prevent and detect financial misstatements.

Status: Not implemented. See Finding 2021-001.



CORRECTIVE ACTION PLAN

Oversight Agencies - U.S. Department of Treasury
U.S. Department of Education
U.S. Department of Agriculture

Sierra Grande School District R-30 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended June 30, 2021

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

Finding 2021-001: Internal Control over Financial Reporting

Type of finding: Internal Control (material weakness) (Repeat of Finding 2020-001)

Recommendation: The District should strengthen its internal controls with cross-training all employees to include a review process over the general ledger that is segregated from the individual who completed the reconciliation, to ensure accurate reporting. The District should consider that this might require additional finance staff.

Action Taken: District will strengthen their internal controls by having a second set of eyes review the general ledger report. District will do due diligence by adding important dates for federal report to calendar.

Section III – Federal Award Findings and Questioned Costs

**Finding 2021-002: Elementary and Secondary School Emergency Relief Fund (ESSER I)
CFDA No. 84.425D
U.S. Department of Education**

Passed through Colorado Department of Education

Compliance Requirements: Reporting

Grant No.: 4425

Type of finding: Internal Control Over Compliance (significant deficiency)

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure compliance with federal program requirements.

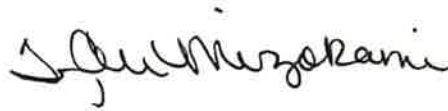
Action Taken: District will review current policies and procedures to make sure they are in compliance with the federal program requirements.

If the U.S. Department of Treasury, U.S. Department of Education, and U.S. Department of Agriculture have questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,



Mr. Darren Edgar
Superintendent
Sierra Grande School District R-30



Mrs. Tammy Mizokami
Business Manager
Sierra Grande School District R-30

SIERRA GRANDE SCHOOL DISTRICT R-30

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
District: 0740 - Sierra Grande R-30
Fiscal Year 2020-21
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,683,357	4,262,593	4,232,118	2,713,832
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	6,474	275,600	279,508	2,565
Sub- Total	2,689,831	4,538,193	4,511,626	2,716,397
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	11,660	276,781	267,412	21,029
22 Govt Designated-Purpose Grants Fund	1	99,786	99,785	2
23 Pupil Activity Special Revenue Fund	85,468	76,345	82,410	79,403
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	811,938	1,313,211	1,003,175	1,121,974
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	15,129,120	16,841,806	23,402,977	8,567,948
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	18,728,016	23,146,123	29,367,385	12,506,754
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