HINSDALE COUNTY SCHOOL DISTRICT RE-1

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Hinsdale County School District RE-1
Lake City, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hinsdale County School District RE-1 (the district) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

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override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's basic financial statements. The budgetary schedules for the food service and debit service funds, and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C
December 20, 2022

HINSDALE COUNTY SCHOOL DISTRICT RE-1
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Management's Discussion and Analysis

As management of Hinsdale County School District RE-1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Financial Highlights

- Due to the change in accounting principles the district reports the net pension liability at the end of FY2022 as $1,834,473 and the OPEB liability to be $88,752.
- General Fund revenues accounted for $1,931,743 and $2,059,827 in 2022 and 2021 respectively.
- Fund balance in the General Fund decreased by $423,880 in 2022 and increased by $103,729 in 2021. The District purchased the Wee Care building from Hinsdale County this year. This along with other capital purchases by the District resulted in a decrease of the fund balance.
- At the end of the fiscal years 2022 and 2021 unassigned fund balance in the General fund was $1,263,285 and $1,644,307 respectively.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include instructional services, pupil services, instructional staff services, general administration services, school administration services, business services, maintenance and capital asset services, transportation services, central, and community services.

The government-wide financial statements include only the District itself, as the District has no component units. The government-wide financial statements can be found on pages 10-15 of the audit report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds. The District uses only governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained four individual governmental funds at the end of fiscal year 2021. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bond Redemption Debt Service Fund, the food service fund and a Capital Fund, these four are considered to be the major funds.

The District adopts an annual appropriated budget for all funds. In 2020 the Food Service fund was not in place because our district did not have a food service program for the FY2020 school year. We did have this in the FY2021 school year and will have this going forward. A budgetary comparison statement has been provided for the general fund, the debt service fund, and the capital fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 through 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of the audit report.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by $10,441,894 and assets exceed liabilities by $10,014,038 at the close of the 2022 and 2021 fiscal years respectively.

One of the largest portions of the District's net position ($10,099,860) reflects its investment in capital assets (e.g., land, buildings, improvements and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

The other large portion of net position is the District's net pension liability and the other post-employment benefit liability for employees covered under PERA. This net pension liability is $1,834,473 at June 30, 2022.

HINSDALE COUNTY SCHOOL DISTRICT RE-1 - Net Position

		Activities	Activities
		2022	2021
Assets			
	Current and Other Assets	$ 1,853,578	2,198,970
	Capital Assets	14,840,523	14,883,838
	Total Assets	16,694,101	17,082,808
Deferred outflows of Resources		435,488	558,941
Liabilities			
	Long-Term Debt	4,149,905	4,226,664
	Pension Liabilities	1,923,225	2,642,768
	Other Liabilities	181,745	199,338
	Total Liabilities	6,254,875	7,068,770
Deferred inflows of resources		777,522	1,072,470
Net Position			
	Net investment in capital assets	10,690,618	10,657,174
	Restricted	357,565	282,354
	Unrestricted	(950,449)	(1,439,019)
	Total Net Position	10,097,192	9,500,509

A portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

Reporting the net pension liability cost the district $1,834,473 in net position. This was slightly offset by the increases in net investment and the decrease in long-term debt.

HINSDALE COUNTY SCHOOL DISTRICT RE-1
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

HINSDALE COUNTY SCHOOL DISTRICT RE-1 Change in Net Position

		Governmental Activities	Governmental Activities
		2022	2021
Revenues:			
	Program revenues:		
	Operating grants and contributions	$ 306,438	$ 358,809
	Charges for sales and service	53,225	35,871
	Capital grants and contributions		1,850,717
	General revenue:		
	Property taxes	1,294,315	1,222,829
	State Equalization not restricted to programs	332,456	353,106
	Specific ownership taxes	101,938	104,488
	Other taxes		
	Unrestricted investment earnings	3,034	2,685
	Other restricted revenue	228,328	295,572
	Total Revenues	2,319,734	4,224,077
Expenses:			
	Instructional Services	549,956	467,878
	Pupil Services	65,070	336,160
	General Administrative Services	230,874	147,280
	Business Services	65,688	74,520
	Operations and Maintenance	245,420	1,727,603
	Pupil Transportation	82,329	29,590
	Communmity Service	1,734	4,971
	Central support and other services	91,309	4,822
	Nutrition services	45,340	73,137
	Interest on long-term debt	145,341	146,641
	Total Expense	1,723,050	3,012,602
Increase (decrease) in net position		596,683	1,211,475
Beginning net position		9,500,509	8,289,034
Ending net position		$ 10,097,192	$ 9,500,509

The district started the federal lunch program in 2018. This program was catered by a local business and began in September of that school year. The local business has since gone out of business and no federal lunch program is in place for 2019 or 2020. With the remodel and addition to the building this program started again in the 2020/2021 school year.

Capital Asset and Debt Administration

Capital assets - The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to $14,840,523 (net of accumulated depreciation). This investment in capital assets includes land and improvements such as parking lots and sidewalks, a remodel and addition to our building, a new kitchen and equipment.

Capital Assets
(net of depreciation)

	Governmental 2022	Governmental 2021
Capital Assets not being depreciated	$ 633,903	$ 633,903
Buildings and building improvements	14,153,296	14,228,940
Transportation equipment	32,319	7,016
Equipment	21,005	13,979
Total	$ 14,840,523	$ 14,883,838

Long-term debt. At the end of the current fiscal year, the District had total outstanding debt of $4,149,905 all of which represents general obligation bonds that are backed by the full faith and credit of the District.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation. The current debt limitation for the District is significantly in excess of the District's outstanding general obligation debt.

Pension Liability

During the year ended June 30, 2015, the District implemented GASB 68, Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27. This resulted in an increase in liabilities for the District who now shows $1,834,473 for its share of the net pension liability for PERA at year end. During the year end June 30, 2018 the district implemented GASB 75.

Previous and Coming Year

The voters in Hinsdale County approved a bond in November of 2018 in the amount of $3,950,000 in addition to a best grant of $9,443,483 and a contribution from the school fund balance of $151,253 for the remodel and building project. The project consisted of upgrading safety and security concerns at the existing building, a remodel and addition of classroom space, construction of a new gym and the completion of a car port for the district fleet. The start of the construction was May of 2019. RTA architects and NV5 consultants were hired to do the drawings and be the owner's representative for the project respectively. The district worked with George K. Baum for the sale of the bonds which did occur in January of 2019. The 2019/2020 school year was spent with our school under construction and the addition being built. In March 2020 with the global COVID 19 pandemic, all classes were taught virtually on-line. Construction of the building continued and staff and students started the 2020/2021 school year in person in the newly remodeled and bigger school. The 2021/2022 school year was taught all in person in the new building space. The State of Colorado and Federal Government have given the school district $83,717 in ESSER funding to help offset the affects of the pandemic. The FY21 school year saw the start of lunch service for the district, supplemented by the Federal Hot Lunch Program. The FY22 school year continued in person through the pandemic and extra cleaning and safety precautions have been implemented. The district hired a new kitchen manager and she was able to apply for free lunches for students through the federal lunch program throughout the fy22 school year. There have been increased expenses to the district due to the pandemic, through decreased enrollment and extra services provided by the district. In February 2022 the District was able to purchase the local child care center building from the County. This may eventually lead to the District providing early childcare services in addition to the preschool program already in place at the district. In May of 2022 the District also purchased a new vehicle and in fy23 are in the process of liquidating two older vehicles and acquiring a 12 passenger van from the county.

Requests for Information

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

Susan Thompson
Business Manager
Hinsdale County School District Re-1
Po Box 39,
Lake City, CO 81235

HINSDALE COUNTY SCHOOL DISTRICT RE-1

STATEMENT OF NET POSITION

June 30, 2022

		Primary Government
		Governmental Activities
Assets		
Cash and cash equivalents	$	1,397,550
Restricted cash and cash equivalents		244,482
Property taxes receivable		211,546
Capital Assets:		
Land and improvements not being depreciated		633,903
Buildings and improvements		15,004,024
Equipment		34,275
Transportation Equipment		204,906
Less: Accumulated depreciation		(1,036,585)
Total assets		16,694,101
DEFERRED OUTFLOWS OF RESOURCES		
Outflows related to pension liability		428,385
Outflows related to OPEB obligation		7,103
Total deferred outflows of resources		435,488
LIABILITIES		
Accounts payable		25,762
Accrued payroll		142,041
Accrued interest on long-term debt		13,942
Long-term liabilities:		
Current portion of long-term debt		176,759
Net pension liability		1,834,473
Net OPEB obligation		88,752
Due in more than one year		3,973,146
Total liabilities		6,254,875
DEFERRED INFLOWS OF RESOURCES		
Inflows related to pension obligation		743,133
Inflows related to OPEB obligation		34,389
Total deferred inflows of resources		777,522
NET POSITION		
Invested in capital assets, net of related debt		10,690,618
Restricted for:		
TABOR Reserve		69,458
Debt Service		287,565
Unrestricted		(950,449)
Total net position	$	10,097,192

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

HINSDALE COUNTY SCHOOL DISTRICT RE-1

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

					Net (expenses) revenues and changes in net position
					Primary government
Functions/Programs	Expenses	Charges for Service and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities					
Instructional Services	549,957	$ 7,373	$ 270,820	$ -	$ (271,764)
Supporting Services:					
Pupil services	65,070	34,955	-	-	(30,115)
Instructional Support	199,989	-	-	-	(199,989)
Business services	65,688	-	-	-	(65,688)
General and school administration	230,874	-	-	-	(230,874)
Community services	1,734	-	-	-	(1,734)
Central support and other services	91,309	-	-	-	(91,309)
Operations and maintenance	245,420	-	-	-	(245,420)
Nutrition services	45,340	10,897	1,800		(32,643)
Pupil transportation	82,329	-	33,818	-	(48,511)
Interest on long-term debt	145,341	-	-	-	(145,341)
Total governmental activities	$ 1,723,051	$ 53,225	$ 306,438	$ -	(1,363,388)

General Revenue	
Taxes:	
Property taxes	1,294,315
State equalization not restricted to specific programs	332,456
Specific ownership taxes	101,938
Unrestricted investment earnings	3,034
Other unrestricted revenues	228,328
	1,960,071
Change in net position	596,683
Net position, beginning of year	9,500,509
Net position, end of year	$ 10,097,192

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

HINSDALE COUNTY SCHOOL DISTRICT RE-1

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Debt Service	Non-major Food Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,350,746	$ 244,482	$ 46,804	$ 1,642,032
Property tax receivable	164,995	46,551	-	211,546
Due from other funds	18,550	-	-	18,550
Other receivables	-	-	-	-
Total assets	1,534,291	291,033	46,804	1,872,128
Liabilities:				
Accounts payable	3,595	-	-	3,595
Salaries payable	142,041	-	-	142,041
Due to other funds	-	-	18,550	18,550
Deposits payable	22,167	-	-	22,167
Total liabilities	167,803	-	18,550	186,353
Deferred inflows of resources				
Deferred property tax revenue	33,745	3,468	-	37,213
Total deferred inflows	33,745	3,468	-	37,213
Fund balances				
Restricted for:				
Tabor reserve	69,458	-	-	69,458
Debt service	-	287,565	-	287,565
Assigned				
Food service	-	-	28,254	28,254
Unassigned	1,263,285	-	-	1,263,285
Total fund balances	$ 1,332,743	$ 287,565	$ 28,254	$ 1,648,562

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

HINSDALE COUNTY SCHOOL DISTRICT RE-1

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

June 30, 2022

Total fund balance, governmental funds		$ 1,648,562
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Property taxes receivable in the funds that are not received within the 60 day window or reported as deferred inflows in the funds but as property tax revenue in the government wide statement of activities		37,214
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost of capital assets	$ 15,877,108	
Less accumulated depreciation	(1,036,585)	14,840,523
Accrued interest on long-term debt is reported in the statement of net position but is not included in the fund financial statements.		(13,942)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund. Long term liabilities at year-end consist of:		
Net Pension Liability	(1,834,473)	
Deferred inflows related to pension	(743,133)	
Deferred outflows related to pension	428,385	
Net OPEB Obligation	(88,752)	
Deferred inflows related to OPEB	(40,803)	
Deferred outflows related to OPEB	13,516	
Premium on long term debt	(369,905)	
General obligation bonds	(3,780,000)	(6,415,165)
Net position of governmental activities		$ 10,097,192

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

HINSDALE COUNTY SCHOOL DISTRICT RE-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2022

	General Fund	Debt Service Fund	Non-major Food Service Fund	Total Governmental Funds
Revenues				
Property taxes	$ 1,022,595	$ 317,523	$ -	$ 1,340,118
Specific ownership taxes	80,348	21,589	-	101,937
Equalization (net)	332,456	-	-	332,456
Grant income	361,801	-	32,998	394,799
Investment earnings	2,519	515	-	3,034
Other local revenue	132,024	-	10,895	142,919
Total revenues	1,931,743	339,627	43,893	2,315,263
Expenditures				
Current:				
Instructional services	1,010,015	-	-	1,010,015
Instructional support	247,516	-	-	247,516
Business services	66,846	900	-	67,746
General and school administration	233,704	-	-	233,704
Transportation	82,329	-	-	82,329
Operations and maintenance	246,743	-	-	246,743
Community service	1,734		-	1,734
Central and other support services	19,323	-	-	19,323
Nutrition services	-	-	78,435	78,435
Capital outlay	388,515	-	-	388,515
Debt service				
Principal	-	55,000	-	55,000
Interest	-	166,200	-	166,200
Total expenditures	2,296,725	222,100	78,435	2,597,260
Excess (deficiency) of revenues over (under) expenditures	(364,982)	117,527	(34,542)	(281,997)
Other financing sources (uses)				
Transfers in (out)	(58,898)	-	58,898	-
Excess (deficiency) of revenues over (under expenditures) and other financing sources (uses)	(423,880)	117,527	24,356	(281,997)
Fund balance, beginning of year	1,756,623	170,038	3,898	1,930,559
Fund balance, end of year	$ 1,332,743	$ 287,565	$ 28,254	$ 1,648,562

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

HINSDALE COUNTY SCHOOL DISTRICT RE-1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2022

Net change in fund balances - total governmental funds		$ (281,997)
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 as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital outlay	$ 349,624	
Depreciation expense	(392,939)	(43,315)
In the governmental funds, revenues expenditures for the defined benefit plan are measured by the amount of financial resources used , whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension liability decreased expense in the current year.		880,994
In the governmental funds, expenditures for the OPEB plan (HCTF) are measured by the amount of financial resources used , whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net OPEB obligation (increased) expense in the current year.		10,043
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.		(45,801)
Governmental funds report bond payments as current year expenditures however, in the government -wide statements these payments are reported as reductions of long-term liabilities. Proceeds from the issuance of bonds is treated as a financing source in the funds but is treated as a long term liability in the government-wide statements.		
Bond principal payments	55,000	
Amortization of bond premium	21,759	
Adjustment for accrued interest on long-term debt	-	76,759
		$ 596,683
Change in net position of governmental activities		

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hinsdale County School District RE-1 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

The following is a summary of the District's significant accounting policies:

1. The Reporting Entity

The District is governed by a five member Board of Education and is organized and operates in accordance with Colorado Statutes. Board of Education members are elected by the citizens of Hinsdale County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District independently issues debt for short and long-term financing. The District meets the criteria of a primary government: its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity and does not include any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

If needed, separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements when they exist. Currently, the District does not have any non-major or proprietary funds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *Bond Redemption Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

The *Food Service Fund* accounts for the food services provided by the District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is not eliminated in the fund financial statements.

Amounts reported as program revenues include 1) charges to students and customers for tuition, fees, rental or services provided, 2) operating grants and contributions, and 3) capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Assets, Liabilities and Net Position or Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

State statutes authorize the government and the District to invest in obligations of the U.S. Treasury, obligations unconditionally guaranteed by U.S. agencies, certain international agency securities, certain types of bonds of U.S. local government entities, banker's acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts.

Receivables and Payables

Interfund receivables and payables, if any, result from overdraws of the cash and investment pool. These outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied in December and attach as a lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. Property taxes previously levied and collected in the following year are reported as a receivable at June 30, net of an estimated uncollectible portion. In the fund financial statements, the portion of the property taxes receivable not collected within 60 days after June 30 are recorded as a deferred inflow of resources, since such tax collections are not available to pay liabilities of the fiscal year ended June 30.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such 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 District has no reportable infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	15
Buildings and building improvements	40
Vehicles	10
Equipment	5

Future Compensated Absences

The District's professional staff generally works on a contract basis that provides for an agreed number of working days each year. There is no specific provision in the personnel policies for paid vacation days.

The personnel policies detail several circumstances requiring leaves of absences including sick leave, personal leave, emergency leave, family illness and termination. The District has no liability for such absences at June 30, 2022.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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

Deferred Inflows and Outflows

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of the government-wide statement of net position. Deferred inflows of resources are items that will increase net position in future periods. The District reports deferred outflows and inflows of resources related to pension and OPEB liabilities as described in Note F.

Deferred inflows of resources for property taxes are recognized in the fund financial statements for property taxes that are due to the District at June 30, but will not be collected by the District until after the 60 day period in which property taxes are allowed to be recognized as current financial resources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Stewardship, compliance and accountability

Budgetary Information

Annual budgets are adopted for all funds on a basis consistent with GAAP.

In June, the Board of Education adopts the budget for the following fiscal year. The District submits it's adopted (revised) budget to the CDE on or before January 31 in the approved format. The Board may amend or adopt supplemental budgets during the budget year

Budgeted level of expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Education. At year-end, all appropriations lapse in accordance with Colorado statutes.

Budgetary basis of accounting

Appropriated budgets are adopted by the Board of Education for the General and Bond Redemption funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of 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.

8. Defined Benefit Other Post Employment Benefit Plan (OPEB)

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 outflow of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions form the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

NOTE B – CASH AND INVESTMENTS

Cash and investments consist of the following:

Demand accounts	$ 726,271
CSAFE	244,482
COLOTRUST	671,279
Total cash and investments	$ 1,642,032

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

At year-end the carrying amount of the district's bank accounts was $751,689 and $250,000 of that balance was covered by federal depository insurance. The remaining $501,689 was collateralized with securities held in a single financial institution collateral pool, in accordance with Title II, Article 10.5 of the Colorado Revised Statutes.

Investments

The District had invested $671,279 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The trust operates similarly to a money market fund and each share is equal in value to $1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to this trust in connection with their direct investment and withdrawal functions. Substantially all securities owned by COLOTRUST 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 COLOTRUST. COLOTRUST funds carry a AAAm rating from Standard & Poor's. COLOTRUST is at fair value.

The District had invested $244,482 in The Colorado Surplus Asset Fund (CSafe) which exists under the laws of the State of Colorado and is registered with the Securities Commissioner of the State of Colorado. CSAFE adheres to the guidelines outlined in GASB 79, *Certain External Investment Pools and Pool Participants*, regarding liquidity, maturity, quality, diversification and shadow NAV pricing. CSAFE

NOTE B – CASH AND INVESTMENTS – CONTINUED

measures its investment at amortized cost for financial reporting purposes and has been rated AAm by Standard & Poor's. The pool is similar to a money market fund, with each share valued at $1, though this is not guaranteed. Investment objectives focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. CSAFE may invest in U.S. Treasury securities, U.S. governmental agency securities, commercial paper, corporate fixed notes, and repurchase agreement collateralized with securities valued in excess of the repurchase agreement amount. All securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodian. There are no limits or restrictions on participant withdrawals.

NOTE C – FUND BALANCES

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" clearly defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the School Board, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the School Board.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the School Board or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, the District will use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

NOTE D – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 633,903	$ –	$ –	$ 633,903
Total non-depreciable capital assets	633,903	–	–	633,903
Capital assets, being depreciated:				
Buildings and improvements	14,702,556	301,468	–	15,004,024
Equipment	27,249	7,026	–	34,275
Transportation equipment	163,776	41,130	–	204,906
Total depreciable capital assets	14,893,581	349,624	–	15,243,205
Less accumulated depreciation:				
Buildings and improvements	(473,616)	(377,112)	–	(850,728)
Equipment	(13,270)	–	–	(13,270)
Transportation equipment	(156,760)	(15,827)	–	(172,587)
Total accumulated depreciation	(643,646)	(392,939)	–	(1,036,585)
Total depreciable capital assets, net	14,249,935	(43,315)	–	14,206,620
Governmental activities capital assets, net	$ 14,883,838	$ (43,315)	$ –	$14,840,523

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

Governmental activities:	
Instructional services	$ 378,415
Pupil transportation services	14,524
Total depreciation expense Governmental activities	$ 392,939

NOTE E – LONG-TERM DEBT

Changes in the District's long-term obligations during the year end June 30, 2022 were as follows:

	Beginning Balance	Addition	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds					
Series 2019	$ 3,835,000	$ –	$ (55,000)	$ 3,780,000	$ 155,000
Bond premium	391,664	–	(21,759)	369,905	21,759
Total	$ 4,226,664	$ –	$ (76,759)	$ 4,149,905	$ 176,759

NOTE E – LONG-TERM DEBT – CONTINUED

General Obligation Bonds, Series 2019

In 2019 the District issued $3,950,000 of General Obligation Series 2019 Bonds. The proceeds of the bond issue were used to build a gymnasium, and additional classroom and administration space at the school. The bonds will be paid over 20 years with interest rates varying from 4.00 to 5.00 percent. The bonds were sold at a premium of $435,182.

Debt service for the bonds is accounted for in the Bond Redemption Fund. UMB Corporate Services is the bond registrar and paying agent for the 2001 and 2019 bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District.

Debt service requirements to maturity for the Series 2019 General Obligation Bonds are as follows:

Year	Principal	Interest	Total	Interest Rate
2023	$ 155,000	$ 162,000	$ 317,000	4.00%
2024	160,000	155,700	315,700	4.00%
2025	175,000	149,000	324,000	4.00%
2026	175,000	142,000	317,000	4.00%
2027	180,000	134,900	314,900	4.00%
2028 - 2032	1,030,000	547,625	1,577,625	4.00%
2033 - 2037	1,305,000	266,925	1,571,925	5.00%
2038 - 2039	600,000	24,200	624,200	5.00%
	$ 3,780,000	$ 1,582,350	$ 5,362,350	

NOTE F – 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 annual compreshensiver financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

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

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

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

Contributions provisions as of June 30, 2022 Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	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).

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 $193,920 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the

SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

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

At June 30, 2022, the District reported a liability of $1,834,473 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 District were as follows:

The District's proportionate share of the net pension liability	$1,834,473
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	$188,670
Total	$2,023,143

At December 31, 2021, the District proportion was .01686149 percent, which was an increase of .00135422 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2022 the District recognized pension expense of ($636,802) and revenue of ($50,272) for support from the State as a nonemployer contributing entity. At June 30, 2022, the Districtreported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE F – DEFINED BENEFIT PENSION PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 70,231	$ –
Changes of assumptions or other inputs	140,048	–
Net difference between projected and actual earnings on pension plan investments	–	689,707
Changes in proportion and differences between contributions recognized and proportionate share of contributions	118,131	53,426
Contributions subsequent to the measurement date	99,975	N/A
Total	$ 428,385	$743,133

$99,975 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, 2021. 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:	
2023	6,369
2024	(165,212)
2025	(172,164)
2026	(83,716)
2027	–
Thereafter	–

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

NOTE F – DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 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; and DPS benefit structure (automatic)	1.00 percent
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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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%
Alternative[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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting form the 2020 AAP assessment, statutorily recognized July 1, 2021, and effected July 1, 2022.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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	$2,700,178	$1,834,473	$1,112,061

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

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the School 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 annual comprehensiver financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more

years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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 $9,950 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $93,651 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District'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, 2021, the District's proportion was .010292 percent, which was an increase of .0004367 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of ($93). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$135	$21,044
Changes of assumptions or other inputs	1,838	4,814
Net difference between projected and actual earnings on OPEB plan investments	–	5,494
Changes in proportion and differences between contributions recognized and proportionate share of contributions	–	3,037
Contributions subsequent to the measurement date	5,130	N/A
Total	$7,103	$34,389

$5,130 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:	
2023	$(9,783)
2024	(10,517)
2025	(8,422)
2026	(3,675)
2027	30
Thereafter	(49)

Actuarial assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent

Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent
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	4.50 percent in 2021, 6.00 percent 2022 gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent for 2021, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

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

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

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

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

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

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

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%**	

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.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 86,204	$ 88,752	$ 91,705

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

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

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

- 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 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	$103,074	$88,752	$76,517

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's annual comprehensiver financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE H – RISK MANAGEMENT

The District insures against loss or damage to property; pays premiums on loss insurances; and pays judgments, administrative and legal claims. This activity occurs in the General Fund.

The District is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the District's participation as a member of the Colorado School District Self-Insurance Pool, which operates as a risk-sharing public entity risk pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the District with general, property and vehicle liability insurance. In the event of the impairment or insolvency of the Pool the District may be assessed such amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote. For the fiscal year ended June 30, 2022 the District paid premiums of $58,463. In the event of impairment or insolvency of the Pool, the District may be assessed such

NOTE H – RISK MANAGEMENT – CONTINUED

amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote.

NOTE I – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. The voters approved a ballot issue in a general election which allows the District to exceed revenue limitations required by the amendment.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to restrict emergency reserves to be used for declared emergencies only. TABOR requires local governments to restrict emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These restricted fund balances are required to be three percent or more of fiscal year spending (excluding bonded debt service and other items specifically listed in the Amendment).

HINSDALE COUNTY SCHOOL DISTRICT RE-1

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

Year ended June 30, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Local sources:				
Property taxes	$ 930,537	$ 930,537	$ 1,018,863	$ 88,326
Specific ownership tax	74,800	74,800	80,348	5,548
Interest and penalties	4,500	4,500	3,732	(768)
Investment income	6,250	6,250	2,519	(3,731)
Other local revenue	183,587	199,287	132,024	(67,263)
Total local sources	1,199,674	1,215,374	1,237,486	22,112
State sources:				
State equalization	325,095	325,095	332,456	7,361
Other state sources	58,075	79,217	227,778	148,561
Total state sources	383,170	404,312	560,234	155,922
Federal sources				
ESSER Funds	215,311	215,311	83,717	(131,594)
Other federal sources	41,504	58,887	50,306	(8,581)
Total federal sources	256,815	274,198	134,023	(140,175)
Total revenues	1,839,659	1,893,884	1,931,743	37,859
Expenditures				
Instructional services:				
Elementary	256,016	272,467	299,319	(26,852)
Middle School	216,886	216,886	215,120	1,766
High School	287,905	305,009	319,604	(14,595)
Preschool	73,121	73,121	71,433	1,688
Special education	133,338	133,338	104,541	28,797
Total instructional services	967,266	1,000,821	1,010,017	(9,196)

(continued)

HINSDALE COUNTY SCHOOL DISTRICT RE-1

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

Year ended June 30, 2022

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Instructional support:				
Student support	$ 206,480	$ 206,480	$ 66,069	$ 140,411
Instructional staff	-	-	181,447	(181,447)
General administration	236,725	236,725	233,704	3,021
Business support	80,381	80,381	66,846	13,535
Operations and maintenance	217,026	241,737	246,743	(5,006)
Student transportation	44,700	83,700	82,329	1,371
Other support services	2,600	3,463	21,057	(17,594)
Capital outlay	-	388,515	388,515	-
Total support services	787,912	1,241,001	1,286,710	(45,709)
Total expenditures	1,755,178	2,241,822	2,296,727	(54,905)
Excess (deficiency) of revenues over (under expenditures)	84,481	(347,938)	(364,984)	(17,046)
Other financing (uses)				
Transfer to other funds	(58,898)	(58,898)	(58,898)	-
Excess (deficiency) of revenues over (under expenditures) and other financing uses	25,583	(406,836)	(423,882)	(17,046)
Fund balance, beginning of year	1,837,677	1,837,677	1,756,623	81,054
Fund balance, end of year	$ 1,863,260	$ 1,430,841	$ 1,332,741	$ 64,008

HINSDALE COUNTY SCHOOL DISTRICT RE-1

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2022

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	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entity proportionate share of NPL associated with employer	Employer covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
Measurement date:						
December 31, 2021	0.0157636424%	$ 1,834,473	$ 188,670	$ 985,178	186%	75%
December 31, 2020	0.0155072639%	2,549,117	-	901,354	283%	67%
December 31, 2019	0.0155072639%	2,316,752	260,775	911,399	254%	65%
December 31, 2018	0.0159436221%	2,823,146	339,591	876,505	322%	57%
December 31, 2017	0.0196027792%	6,338,842	-	907,274	699%	44%
December 31, 2016	0.0189305383%	5,636,353	-	905,249	623%	43%
December 31, 2015	0.0182344538%	2,788,831	-	849,636	328%	59%
December 31, 2014	0.0182254143%	2,470,156	-	763,513	324%	63%

HINSDALE COUNTY SCHOOL DISTRICT RE-1

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2022

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2022	$ 193,920	$ 193,920	$ -	$ 975,452	19.88%
June 30, 2021	194,786	194,786	-	979,805	19.88%
June 30, 2020	171,042	171,042	-	882,565	19.38%
June 30, 2019	168,428	168,428	-	880,436	19.13%
June 30, 2018	168,627	168,627	-	892,819	18.89%
June 30, 2017	166,474	166,474	-	904,888	18.40%
June 30, 2016	145,175	145,175	-	818,556	17.74%
June 30, 2015	129,990	129,990	-	769,760	16.89%

HINSDALE COUNTY SCHOOL DISTRICT RE-1

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2022

	Employer proportion of NOPEBL	Employer proportionate share of NOPEBL	Employer covered payroll	Employer proportionate share of NOPEBL as a percentage of covered payroll	OPEB plan's fiduciary net position as a percentage of total OPEB liability
Measurement date:					
December 31, 2021	0.0102924595%	$ 88,752	$ 985,178	9%	39%
December 31, 2020	0.0098556681%	$ 93,651	$ 901,354	10%	33%
December 31, 2019	0.0101361359%	$ 113,930	$ 911,399	13%	24%
December 31, 2018	0.0103634338%	$ 140,999	$ 876,505	16%	17%
December 31, 2017	0.0111384768%	$ 144,756	$ 904,274	16%	18%

HINSDALE COUNTY SCHOOL DISTRICT RE-1

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

June 30, 2022

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2022	$ 9,950	$ 9,950	$ -	$ 975,452	1.02%
June 30, 2021	$ 9,994	$ 9,994	$ -	$ 979,805	1.02%
June 30, 2020	$ 9,002	$ 9,002	$ -	$ 882,565	1.02%
June 30, 2019	$ 8,980	$ 8,980	$ -	$ 880,436	1.02%
June 30, 2018	$ 9,107	$ 9,107	$ -	$ 892,818	1.02%

HINSDALE COUNTY SCHOOL DISTRICT RE-1

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

Year ended June 30, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Local sources:				
Property taxes	$ 203,050	$ 203,050	$ 317,523	$ 114,473
Specific ownership taxes	18,650	18,650	21,589	2,939
Investment income	1,555	1,555	515	(1,040)
Total revenues	223,255	223,255	339,627	116,372
Expenditures				
Current:				
Debt Service				
Principal	55,000	55,000	55,000	-
Interest	167,300	167,300	166,200	1,100
Fees	550	550	900	(350)
Total debt services	222,850	222,850	222,100	750
Excess (deficiency) of revenues over (under expenditures) and other sources (uses)	405	405	117,527	115,622
Fund balance, beginning of year	151,754	151,754	170,038	(18,284)
Fund balance, end of year	$ 152,159	$ 152,159	$ 287,565	$ 97,338

HINSDALE COUNTY SCHOOL DISTRICT RE-1

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

Year ended June 30, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Local sources				
Charges and other	$ 18,500	$ 18,500	$ 10,895	$ (7,605)
State Sources				
Grants	400	400	-	(400)
Federal sources				
Grants	7,000	7,000	32,998	25,998
Total revenues	25,900	25,900	43,893	17,993
Expenditures				
Food service	84,798	84,798	78,435	6,363
Total expenditures	84,798	84,798	78,435	6,363
Excess (deficiency) of revenues over (under) expenditures	(58,898)	(58,898)	(34,542)	24,356
Transfers in	58,898	58,898	58,898	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	24,356	24,356
Fund balance, beginning of year	-	-	3,898	(3,898)
Fund balance, end of year	$ -	$ -	$ 28,254	$ 20,458

Colorado Department of Education
Auditors Integrity Report
District: 1380 - Hinsdale County RE 1
Fiscal Year 2021-22
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental					
10	General Fund	1,756,624	1,872,845	2,296,727	1,332,742
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
	Sub- Total	1,756,624	1,872,845	2,296,727	1,332,742
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	3,897	102,793	78,435	28,255
22	Govt Designated-Purpose Grants Fund	0	0	0	0
23	Pupil Activity Special Revenue Fund	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	170,039	339,626	222,100	287,565
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	0	0	0
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	0	0	0	0
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	1,930,560	2,315,264	2,597,262	1,648,562
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