

Agate School District No. 300
Agate, Colorado

Financial Statements

For the Year Ended June 30, 2021

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Independent Auditors' Report

Board of Education
Agate School District No. 300
Agate, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Agate School District No. 300 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 2, 2021

Agate School District #300
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2021

This section of Agate School District's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of Agate School District exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,414,265 (net position).
- The District's total net position increased by \$59,800.
- General revenues accounted for \$1,214,138 or 80% of the \$1,508,795 in total revenues. Program specific revenues in the form of charges for services and grants accounted for \$294,657 or 20% of revenues.
- The General Fund ending fund balance was \$943,370.

Overview of Financial Statements

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

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 School 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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, pupil activities and food service. Taxes and intergovernmental revenues principally support these activities.

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 fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has one kind of fund: governmental fund.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out of and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

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

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, which is considered to be a major fund. Data for the other two governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-17 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 may be found on pages 18-55 of this report.

Other Information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budget comparison schedules and statements may be found on pages 72-82.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

The following table provides a summary of the district's net position:

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
Current and Other assets	\$ 1,069,290	\$ 981,616	8.93%
Capital assets	1,830,299	1,913,418	-4.34%
Total assets	2,899,589	2,895,034	0.16%
Deferred outflows of resources	1,058,774	865,216	22.37%
Total assets and deferred outflows of resources	\$ 3,958,363	\$ 3,760,250	5.27%
Long term liabilities	\$ 1,876,668	\$ 1,544,449	21.51%
Other liabilities	87,424	195,591	-55.30%
Total liabilities	1,964,092	1,740,040	12.88%
Deferred inflows of resources	580,006	671,319	-13.60%
Net investment in capital assets	1,830,299	1,913,418	-4.34%
Restricted	49,901	46,306	-7.82%
Unrestricted	(465,935)	(610,833)	-24.90%
Total net position	1,414,265	1,348,891	4.85%
Total liabilities, deferred inflows of resources and net position	\$ 3,958,363	\$ 3,760,250	5.27%

Following is a summary of the School District's change in net position:

	Governmental Activities		Total Percentage Change
Revenues	2021	2020	2020-2021
Program Revenues			
Charges for services	\$ 10,650	\$ 2,750	-18.59%
Operating Grants & Contributions	284,007	136,578	2.05%
Capital Grants & Contributions	-	5,126	100.00%
General Revenue			
Property taxes	394,836	369,289	10.86%
State equalization	768,251	557,152	2.31%
Other	146,026	234,783	668.99%
Total Revenue	1,508,795	1,305,678	21.88%
Expenses			
Instruction	632,550	536,653	-4.78%
Pupil & Instructional Services	29,354	13,682	68.95%
Administration & Business	260,444	270,529	-14.26%
Maintenance & Operations	305,821	160,977	20.47%
Transportation	74,800	60,579	-14.00%
Other	146,026	162,631	12.24%
Total Expenses	1,448,995	1,205,051	-2.51%
Change in net position	59,800	100,627	160.99%
Net position at beginning of year, as restated	1,354,465	1,248,264	-11.40%
Net position at end of year	\$ 1,414,265	\$ 1,348,891	8.43%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA, the School District received \$17,308 per funded student. In fiscal year 2020-2021, the funded pupil count was 67.0. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 66% of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$336,567 in property taxes for fiscal year 2020-2021.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balance of \$977,486. The general fund had a fund balance of \$943,370, the apartment fund had a fund balance of \$15,233, the pupil activity fund had a fund balance of \$5,700 and the food service fund had a fund balance of \$13,183.

General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

Difference between the original budget and final budget amounts can be briefly summarized as follows:

The final adopted appropriation was \$2,025,935 of which only \$1,318,528 was spent, which allowed \$707,407 to be retained by the District.

Capital Assets and Debt Administration

Capital Assets

The School District's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$1,830,299 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment all with an original cost greater than \$5,000.

The School District's total capital assets, net of accumulated depreciation were as follows:

	Governmental Activities
Land	\$ 11,208
Buildings & Improvements	1,669,892
Transportation Equipment	116,061
Other Equipment	33,138
Total Capital Assets	<u>\$ 1,830,299</u>

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

Long-Term Debt

At year-end, the School District had no outstanding long-term debt to report.

Economic Factors

There are various uncontrollable aspects facing the School District each year.

- There has been growth in surrounding areas and new families have moved into the area; however, the District continues to experience instability in longevity of residences.
- Enrollment in the School District has continued to fluctuate through the past years, but due to Funded for 50 legislation that passed in 2013-2014, funding is now recovering along with student enrollment.

Year	Agate	Tuition School	Funded Count
2020-2021	73	-	67.0
2019-2020	42	-	50.0
2018-2019	47	-	50.0
2017-2018	3	29	50.0
2016-2017	5	23	50.0
2015-2016	3	13	50.0
2014-2015	10	5	50.0
2013-2014	12	23	50.0
2012-2013	10	36	36.0
2011-2012	9	39	58.0
2010-2011	32	-	50.9
2009-2010	43.5	-	58.3
2008-2009	57	-	67.9
2007-2008	50	-	67.5
2006-2007	54.5	-	72.9

- The Agate School District successfully completed the second year of its return to a Kindergarten through 12th grade with the addition of preschool.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investor and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Agate School District #300, 41032 Second Avenue, P. O. Box 118, Agate, CO 80101.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

AGATE SCHOOL DISTRICT NO. 300
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	\$ 683,416
Cash with fiscal agent	385
Investments	339,934
Receivables	44,057
Inventory	1,498
Capital assets, net of depreciation	1,830,299
Total assets	2,899,589
Deferred outflows of resources	
Pension deferrals	1,022,731
Other post-employment benefit deferrals	36,043
Total deferred outflows of resources	1,058,774
Total assets and deferred outflows of resources	\$ 3,958,363
Liabilities	
Accounts payable	\$ 4,937
Deposits payable	700
Accrued salaries and benefits	78,246
Unearned grant revenue	3,541
Noncurrent liabilities	
Net pension liability	1,810,824
Net other post-employment benefit liability	65,844
Total liabilities	1,964,092
Deferred inflows of resources	
Pension deferrals	559,218
Other post-employment benefit deferrals	20,788
Total deferred inflows of resources	580,006
Net position	
Net investment in capital assets	1,830,299
Restricted for:	
Emergencies	38,000
Colorado preschool program	216
Food service operations	11,685
Unrestricted (deficit)	(465,935)
Total net position	1,414,265
Total liabilities, deferred inflows of resources and net position	\$ 3,958,363

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

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AGATE SCHOOL DISTRICT NO. 300
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 632,550		\$ 122,977	
Supporting services				
Students	5,651			
Instructional staff	23,703		3,490	
General administration	176,495		1,835	
School administration	38,720			
Business services	45,229			
Operations and maintenance	305,821	\$ 10,650	102,576	
Student transportation	74,800		15,239	
Central support services	17,142			
Food service operations	66,950		37,617	
Facilities acquisition	273		273	
Unallocated depreciation *	61,661			
Total governmental activities	\$ 1,448,995	\$ 10,650	\$ 284,007	\$ -
		General revenues		
		Taxes		
		Property taxes, levied for general purposes		
		Specific ownership taxes		
		Delinquent taxes and interest		
		State categorical aid		
		Earnings on investments		
		Other		
		Gain on sale of assets		
		Total general revenues		
		Change in net position		
		Net position at beginning of year, as originally reported		
		Prior period adjustment		
		Net position at beginning of year, as restated		
		Net position at end of year		

* This amount excludes depreciation included in the direct expenses of the various programs.

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

Net
Governmental
Activities

\$ (509,573)

(5,651)
(20,213)
(174,660)
(38,720)
(45,229)
(192,595)
(59,561)
(17,142)
(29,333)
-

(61,661)

(1,154,338)

336,567
58,355
(86)
768,251
1,444
49,607

1,214,138

59,800

1,348,891

5,574

1,354,465

\$ 1,414,265

AGATE SCHOOL DISTRICT NO. 300
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 658,656	\$ 24,760	\$ 683,416
Cash with fiscal agent	385		385
Investments	339,934		339,934
Due from other funds		6,277	6,277
Property taxes receivable	12,380		12,380
Grants receivable	27,951	3,726	31,677
Inventories		1,498	1,498
Total assets	\$ 1,039,306	\$ 36,261	\$ 1,075,567
Liabilities			
Accounts payable	\$ 3,492	\$ 1,445	\$ 4,937
Deposits payable		700	700
Accrued salaries and benefits	78,246		78,246
Due to other funds	6,277		6,277
Unearned grant revenues	3,541		3,541
Total liabilities	91,556	2,145	93,701
Deferred inflows of resources			
Deferred property tax revenues	4,380		4,380
Total deferred inflows of resources	4,380	-	4,380
Fund balance			
Nonspendable inventories		1,498	1,498
Restricted for:			
Emergencies	38,000		38,000
Colorado preschool program	216		216
Food service operations		11,685	11,685
Committed to:			
Pupil activities		5,700	5,700
Apartment maintenance		15,233	15,233
Unassigned	905,154		905,154
Total fund balance	943,370	34,116	977,486
Total liabilities, deferred inflows of resources and fund balance	\$ 1,039,306	\$ 36,261	\$ 1,075,567

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

AGATE SCHOOL DISTRICT NO. 300**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021**

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

Total fund balance - governmental funds	\$ 977,486
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,830,299
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	4,380
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Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(1,397,900)</u>
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Net position of the governmental activities	<u><u>\$ 1,414,265</u></u>
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The accompanying notes are an integral part of these financial statements.

AGATE SCHOOL DISTRICT NO. 300
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 447,132	\$ 11,672	\$ 458,804
Intermediate sources	4		4
State sources	811,788	215	812,003
Federal sources	202,852	37,381	240,233
Total revenues	1,461,776	49,268	1,511,044
Expenditures			
Instruction	601,054	1,732	602,786
Supporting services	642,876	72,593	715,469
Capital outlay	273		273
Total expenditures	1,244,203	74,325	1,318,528
Excess of revenues over (under) expenditures	217,573	(25,057)	192,516
Other financing sources (uses)			
Transfers in		22,600	22,600
Transfers out	(22,600)		(22,600)
Total other financing sources (uses)	(22,600)	22,600	-
Net change in fund balance	194,973	(2,457)	192,516
Fund balance at beginning of year, as originally reported	748,397	30,999	779,396
Prior period adjustment		5,574	5,574
Fund balance at beginning of year, as restated	748,397	36,573	784,970
Fund balance at end of year	\$ 943,370	\$ 34,116	\$ 977,486

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

AGATE SCHOOL DISTRICT NO. 300**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities****For the Year Ended June 30, 2021**

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

Net change in fund balances - governmental funds \$ 192,516

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period. (83,119)

Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. (2,249)

Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year. (47,348)

Change in net position of governmental activities \$ 59,800

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

AGATE SCHOOL DISTRICT NO. 300

Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Agate School District No. 300's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Agate School District No. 300 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The district does not have any proprietary or fiduciary funds.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following is the District's major governmental fund:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Apartment Fund – This fund is a special revenue fund used to account for transactions related to the district owned real estate.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

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

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

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture's assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	7-15 years

A.9 – Compensated absences

Each staff member of the District is granted leave for sickness, business, funerals or other personal needs. The number of personal days varies from six to eight days per year depending on the number of scheduled work days, while the number of vacation days varies from eight to fifteen days per year depending on the number of years of employment with the District. Accumulation of no more than 20 days of personal time may be carried forward into the next school year. No liability is shown in the financial statements as the compensated absences are not vested benefits.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$689,646, of which \$250,000 was insured and \$439,646 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2021, the District had invested \$339,934 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the District had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	<u>\$ 339,934</u>	<u>\$ 339,934</u>	<u>\$ -</u>	<u>\$ -</u>

The investments in Colotrust are maintained in the General Fund.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note B – Cash and investments (Continued)

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District's investment in Colotrust was rated AAA by Standard and Poor's.

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Receivables</u>
Property taxes receivable	\$ 12,380
Grants receivable	<u>31,677</u>
Total	<u>\$ 44,057</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Elbert County bills and collects property taxes for all taxing entities within the county. The tax receipts collected by the county are remitted to the District in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 6,277
Other governmental funds	<u>6,277</u>	<u>-</u>
Total	<u>\$ 6,277</u>	<u>\$ 6,277</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note D – Interfund transactions (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 22,600
Other governmental funds	<u>22,600</u>	<u>-</u>
Total	<u>\$ 22,600</u>	<u>\$ 22,600</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$22,600 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 11,208	\$ -	\$ -	\$ 11,208
Total capital assets, not being depreciated	11,208	-	-	11,208
Capital assets, being depreciated:				
Buildings and improvements	3,130,821	-	-	3,130,821
Transportation equipment	318,569	-	-	318,569
Other equipment	<u>64,125</u>	<u>-</u>	<u>-</u>	<u>64,125</u>
Total capital assets, being depreciated	<u>3,513,515</u>	<u>-</u>	<u>-</u>	<u>3,513,515</u>
Total capital assets	3,524,723	-	-	3,524,723
Less accumulated depreciation for:				
Buildings and improvements	(1,399,268)	(61,661)	-	(1,460,929)
Transportation equipment	(185,512)	(16,996)	-	(202,508)
Other equipment	<u>(26,525)</u>	<u>(4,462)</u>	<u>-</u>	<u>(30,987)</u>
Total accumulated depreciation	<u>(1,611,305)</u>	<u>(83,119)</u>	<u>-</u>	<u>(1,694,424)</u>
Governmental activities capital assets, net	<u>\$ 1,913,418</u>	<u>\$ (83,119)</u>	<u>\$ -</u>	<u>\$ 1,830,299</u>

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Operations and maintenance	\$ 4,462
Student transportation	16,996
Unallocated	<u>61,661</u>
Total	<u>\$ 83,119</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$78,246. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Defined benefit pension plan

Summary of Significant Accounting Policies

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

General Information about the Pension Plan

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$124,123 for the year ended June 30, 2021.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The 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.

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

At year end, the District reported a liability of \$1,810,824 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,810,824
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>0</u>
Total	<u>\$ 1,810,824</u>

At December 31, 2020, the District's proportion was 0.0120 percent, which was an increase of 0.0021 percent from its proportion measured as of December 31, 2019.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$168,651 and revenue of \$0 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 88,869	\$ -
Changes of assumptions or other inputs	174,196	178,494
Net difference between projected and actual earnings on pension plan investments	-	380,724
Changes in proportion and differences between contributions recognized and proportionate share of contributions	697,729	-
Contributions subsequent to the measurement date	<u>61,937</u>	<u>-</u>
Total	<u>\$ 1,022,731</u>	<u>\$ 559,218</u>

\$61,937 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2022	\$ 222,578
2023	238,587
2024	3,293
2025	<u>(62,882)</u>
Totals	<u>\$ 401,576</u>

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

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

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 nominal rate of return assumption of 7.25 percent.

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 2,470,112	\$ 1,810,824	\$ 1,261,419

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note H – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. There were no 401(k) plan member contributions from the District for the year ended June 30, 2021.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

C.R.S. Section 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 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. Section 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.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

DPS Benefit Structure

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

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

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 \$6,368 for the year ended June 30, 2021.

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

At year-end, the District reported a liability of \$65,844 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.0069 percent, which was an increase of 0.0005 percent from its proportion measured as of December 31, 2019.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$6,201. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 76	\$ 13,711
Changes of assumptions or other inputs	349	-
Net difference between projected and actual earnings on OPEB plan investments	-	2,668
Changes in proportion and differences between contributions recognized and proportionate share of contributions	32,440	4,409
Contributions subsequent to the measurement date	<u>3,178</u>	<u>-</u>
Total	<u>\$ 36,043</u>	<u>\$ 20,788</u>

\$3,178 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2022	\$ 3,797
2023	3,961
2024	3,814
2025	953
2026	(412)
2027	<u>(36)</u>
Total	<u>\$ 12,077</u>

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

Initial Costs for Members without Medicare Part A

<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

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

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

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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 nominal 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 64,142	\$ 65,844	\$ 67,825

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:

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the 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	\$ 75,426	\$ 65,844	\$ 57,658

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note I – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

Note J – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$47,518. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note K – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note K – Commitments and contingencies (Continued)

requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$38,000 for the emergency reserve.

Note L – Joint venture

The District participates in the East Central Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

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

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the East Central Board of Cooperative Educational Services are available by contacting their administrative office in Limon, Colorado.

For the year, the District's contribution was \$42,878.

AGATE SCHOOL DISTRICT NO. 300
Notes to Financial Statements

Note M – Prior period restatement

The District made an error in reporting grants receivable and the related revenue in the prior year. Accordingly, the beginning fund balance of the Food Service Fund and beginning net position of the Governmental Activities were restated as follows:

	<u>Beginning Balances as Originally Reported</u>	<u>Grants Receivable Adjustments</u>	<u>Beginning Balances as Restated</u>
Food Service Fund	\$ 30,999	\$ 5,574	\$ 36,573
Governmental Activities	1,348,891	5,574	1,354,465

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund
- Schedule of District Contributions – PERA's School Division Trust Fund
- Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of District Contributions – PERA's Health Care Trust Fund

AGATE SCHOOL DISTRICT NO. 300
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ 401,384	\$ 401,384	\$ 447,132	\$ 45,748
Intermediate sources			4	4
State sources	842,114	842,114	811,788	(30,326)
Federal sources	20,393	20,393	202,852	182,459
Total revenues	1,263,891	1,263,891	1,461,776	197,885
Expenditures				
Instruction	548,310	548,310	601,054	(52,744)
Supporting services	656,723	656,723	642,876	13,847
Capital outlay			273	(273)
Appropriated reserves	730,000	730,000		730,000
Total expenditures	1,935,033	1,935,033	1,244,203	690,830
Excess of revenues over (under) expenditures	(671,142)	(671,142)	217,573	888,715
Other financing sources uses				
Transfers out	(28,859)	(28,859)	(22,600)	6,259
Total other financing uses	(28,859)	(28,859)	(22,600)	6,259
Net change in fund balance	\$ (700,001)	\$ (700,001)	194,973	\$ 894,974
Fund balance at beginning of year			748,397	
Fund balance at end of year			\$ 943,370	

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AGATE SCHOOL DISTRICT NO. 300
Schedule of the District's Proportionate Share of the Net Pension Liability¹
PERA's School Division Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net pension liability	0.0120%	0.0099%	0.0070%	0.0053%
District's proportionate share of the net pension liability	\$ 1,810,824	\$ 1,472,060	\$ 1,243,743	\$ 1,719,704
State's proportionate share of the net pension liability	<u>-</u>	<u>186,712</u>	<u>170,065</u>	<u>-</u>
Total	<u>\$ 1,810,824</u>	<u>\$ 1,658,772</u>	<u>\$ 1,413,808</u>	<u>\$ 1,719,704</u>
District's covered payroll	\$ 640,787	\$ 579,086	\$ 386,146	\$ 245,320
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.59%	254.20%	322.09%	701.00%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%

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

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0055%	0.0057%	0.0060%	0.0061%
\$ 1,626,520	\$ 869,314	\$ 815,822	\$ 775,032
-	-	-	-
<u>\$ 1,626,520</u>	<u>\$ 869,314</u>	<u>\$ 815,822</u>	<u>\$ 775,032</u>
\$ 245,185	\$ 247,703	\$ 252,166	\$ 244,955
663.38%	350.95%	323.53%	316.40%
43.10%	59.20%	62.84%	64.06%

AGATE SCHOOL DISTRICT NO. 300
Schedule of District Contributions¹
PERA's School Division Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 124,123	\$ 118,995	\$ 101,119	\$ 52,481
Contributions in relation to the contractually required contribution	<u>(124,123)</u>	<u>(118,995)</u>	<u>(101,119)</u>	<u>(52,481)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 624,358	\$ 614,008	\$ 528,591	\$ 277,666
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.90%

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 43,330	\$ 44,041	\$ 42,346	\$ 40,439
<u>(43,330)</u>	<u>(44,041)</u>	<u>(42,346)</u>	<u>(40,439)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 235,748	\$ 248,284	\$ 251,019	\$ 253,070
18.38%	17.74%	16.87%	15.98%

AGATE SCHOOL DISTRICT NO. 300
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.0069%	0.0064%	0.0047%	0.0030%
District's proportionate share of the net OPEB liability	\$ 65,844	\$ 72,389	\$ 62,117	\$ 39,271
District's covered payroll	\$ 640,787	\$ 579,086	\$ 386,146	\$ 245,320
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%

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

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

June 30, 2017

0.0031%

\$ 40,260

\$ 245,185

16.42%

16.72%

AGATE SCHOOL DISTRICT NO. 300
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 6,368	\$ 6,263	\$ 5,392	\$ 2,832
Contributions in relation to the contractually required contribution	<u>(6,368)</u>	<u>(6,263)</u>	<u>(5,392)</u>	<u>(2,832)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 624,358	\$ 614,008	\$ 528,591	\$ 277,666
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

June 30, 2017

\$ 2,405

(2,405)

\$ -

\$ 235,748

1.02%

AGATE SCHOOL DISTRICT NO. 300
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to June 1, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that depreciation is not budgeted as an expense in the Food Service Fund.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules - General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

AGATE SCHOOL DISTRICT NO. 300
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources				
Property taxes	\$ 315,238	\$ 315,238	\$ 338,816	\$ 23,578
Specific ownership taxes	54,656	54,656	58,355	3,699
Delinquent taxes and interest			(85)	(85)
Earnings on investments	5,770	5,770	1,435	(4,335)
Other local revenue	25,720	25,720	48,611	22,891
Total local sources	401,384	401,384	447,132	45,748
Intermediate sources				
Mineral leasing			4	4
Total intermediate sources	-	-	4	4
State sources				
Equalization	800,000	800,000	768,251	(31,749)
ELPA professional development			717	717
English language proficiency			640	640
Transportation	12,383	12,383	13,587	1,204
Library program	4,500	4,500		(4,500)
Small rural schools funding			16,209	16,209
Additional at-risk funding			506	506
ECEA	4,485	4,485		(4,485)
READ act	6,392	6,392		(6,392)
Title IV	9,801	9,801		(9,801)
Services within the BOCES	4,553	4,553	11,878	7,325
Total state sources	842,114	842,114	811,788	(30,326)
Federal sources				
Coronavirus relief funds			115,137	115,137
CRF: K-12 at-risk pupils			13,692	13,692
ESSER - education stabilization			7,620	7,620
ESF: 10% discretionary			17,380	17,380
ESSER II			14,255	14,255
REAP	7,036	7,036	15,770	8,734
Services within the BOCES	13,357	13,357	18,998	5,641
Total federal sources	20,393	20,393	202,852	182,459
Total revenues	\$ 1,263,891	\$ 1,263,891	\$ 1,461,776	\$ 197,885

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AGATE SCHOOL DISTRICT NO. 300
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Expenditures				
Instruction				
Salaries	\$ 357,183	\$ 357,183	\$ 376,606	\$ (19,423)
Employee benefits	113,249	113,249	127,623	(14,374)
Purchased services	26,521	26,521	61,379	(34,858)
Supplies and materials	28,800	28,800	35,007	(6,207)
Property	22,557	22,557	(2,214)	24,771
Other			2,653	(2,653)
Total instruction	548,310	548,310	601,054	(52,744)
Supporting services				
Students				
Purchased services	5,359	5,359	5,651	(292)
Supplies and materials	1,750	1,750		1,750
Total students	7,109	7,109	5,651	1,458
Instructional staff				
Salaries	6,000	6,000	12,228	(6,228)
Employee benefits	1,341	1,341	2,733	(1,392)
Supplies and materials	5,800	5,800	7,775	(1,975)
Total instructional staff	13,141	13,141	22,736	(9,595)
General administration				
Salaries	56,200	56,200	61,394	(5,194)
Employee benefits	33,361	33,361	22,106	11,255
Purchased services	65,500	65,500	64,176	1,324
Supplies and materials	700	700	5,113	(4,413)
Other	13,468	13,468	18,854	(5,386)
Total general administration	169,229	169,229	171,643	(2,414)
School administration				
Salaries	24,000	24,000	24,516	(516)
Employee benefits	5,364	5,364	5,479	(115)
Purchased services	1,750	1,750	586	1,164
Supplies and materials	2,500	2,500	6,201	(3,701)
Property	6,500	6,500		6,500
Total school administration	40,114	40,114	36,782	3,332

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Business services				
Salaries			12,000	(12,000)
Purchased services	40,500	40,500	30,625	9,875
Supplies and materials	150	150	42	108
Property	150	150	82	68
Other			1,532	(1,532)
Total business services	40,800	40,800	44,281	(3,481)
Operations and maintenance				
Salaries	28,000	28,000	82,089	(54,089)
Employee benefits	15,658	15,658	17,926	(2,268)
Purchased services	50,500	50,500	81,545	(31,045)
Supplies and materials	63,625	63,625	97,855	(34,230)
Property	1,850	1,850	9,813	(7,963)
Other	1,000	1,000		1,000
Total operations and maintenance	160,633	160,633	289,228	(128,595)
Student transportation				
Salaries	23,100	23,100	30,252	(7,152)
Employee benefits	10,663	10,663	6,771	3,892
Purchased services	12,200	12,200	12,792	(592)
Supplies and materials	11,750	11,750	5,598	6,152
Other	1,500	1,500		1,500
Total student transportation	59,213	59,213	55,413	3,800
Central support services				
Purchased services	5,100	5,100	17,142	(12,042)
Supplies and materials	159,384	159,384		159,384
Property	2,000	2,000		2,000
Total central support services	166,484	166,484	17,142	2,000
Total supporting services	656,723	656,723	642,876	(133,495)

(continued)

AGATE SCHOOL DISTRICT NO. 300
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Facilities acquisition services				
Supplies and materials			273	(273)
Total facilities acquisition services	-	-	273	(273)
Appropriated reserves	730,000	730,000		730,000
Total expenditures	<u>\$ 1,935,033</u>	<u>\$ 1,935,033</u>	<u>\$ 1,244,203</u>	<u>\$ 690,830</u>

Budgetary Comparison Schedules - Nonmajor Governmental Funds

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.
- Apartment Fund – This fund used to account for transactions related to the district owned real estate.

AGATE SCHOOL DISTRICT NO. 300
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Food Service Fund	Pupil Activity Fund	Apartment Fund	Totals
Assets				
Cash	\$ 3,127	\$ 5,700	\$ 15,933	\$ 24,760
Due from other funds	6,277			6,277
Grants receivable	3,726			3,726
Inventories	1,498			1,498
Total assets	\$ 14,628	\$ 5,700	\$ 15,933	\$ 36,261
Liabilities				
Accounts payable	\$ 1,445			\$ 1,445
Deposits payable			\$ 700	700
Total liabilities	1,445	\$ -	700	2,145
Fund balance				
Nonspendable inventories	1,498			1,498
Restricted for:				
Food service operations	11,685			11,685
Committed to:				
Pupil activities		5,700		5,700
Apartment maintenance			15,233	15,233
Total fund balance	13,183	5,700	15,233	34,116
Total liabilities and fund balance	\$ 14,628	\$ 5,700	\$ 15,933	\$ 36,261

AGATE SCHOOL DISTRICT NO. 300**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021**

	Food Service Fund	Pupil Activity Fund	Apartment Fund	Totals
Revenues				
Local sources	\$ 23	\$ 995	\$ 10,654	\$ 11,672
State sources	215			215
Federal sources	37,381			37,381
Total revenues	37,619	995	10,654	49,268
Expenditures				
Instruction		1,732		1,732
Supporting services	68,603		3,990	72,593
Total expenditures	68,603	1,732	3,990	74,325
Excess of revenues over (under) expenditures	(30,984)	(737)	6,664	(25,057)
Other financing sources				
Transfers in	22,600			22,600
Total other financing sources	22,600	-	-	22,600
Net change in fund balance	(8,384)	(737)	6,664	(2,457)
Fund balance at beginning of year, as originally reported	15,993	6,437	8,569	30,999
Prior period adjustment	5,574			5,574
Fund balance at beginning of year, as restated	21,567	6,437	8,569	36,573
Fund balance at end of year	\$ 13,183	\$ 5,700	\$ 15,233	\$ 34,116

AGATE SCHOOL DISTRICT NO. 300
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ 12,500	\$ 12,500	\$ 23	\$ (12,477)
State sources	19,619	19,619	215	(19,404)
Federal sources			37,381	37,381
Total revenues	32,119	32,119	37,619	5,500
Expenditures				
Operations and maintenance				
Salaries			1,350	(1,350)
Employee benefits			303	(303)
Food service operations				
Salaries	25,800	25,800	26,910	(1,110)
Employee benefits	6,528	6,528	6,172	356
Purchased services	250	250		250
Supplies and materials	28,300	28,300	33,868	(5,568)
Property	100	100		100
Appropriated reserves	15,906	15,906		15,906
Total expenditures	76,884	76,884	68,603	8,281
Excess of revenues over (under) expenditures	(44,765)	(44,765)	(30,984)	13,781
Other financing sources				
Transfers in	28,859	28,859	22,600	(6,259)
Net change in fund balance	\$ (15,906)	\$ (15,906)	(8,384)	\$ 7,522
Fund balance at beginning of year, as originally reported			15,993	
Prior period adjustment			5,574	
Fund balance at beginning of year, as restated			21,567	
Fund balance at end of year			\$ 13,183	

AGATE SCHOOL DISTRICT NO. 300
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ 755	\$ 755	\$ 995	\$ 240
Expenditures				
Instruction				
Supplies	755	755		755
Property			1,732	(1,732)
Appropriated reserves	4,263	4,263		4,263
Total expenditures	5,018	5,018	1,732	2,531
Net change in fund balance	<u>\$ (4,263)</u>	<u>\$ (4,263)</u>	(737)	<u>\$ 3,526</u>
Fund balance at beginning of year			6,437	
Fund balance at end of year			<u>\$ 5,700</u>	

AGATE SCHOOL DISTRICT NO. 300
Apartment Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Other local revenues	\$ 8,000	\$ 8,000	\$ 10,654	\$ 2,654
Expenditures				
Property				
Employee benefits	500	500		500
Purchased services	4,900	4,900	3,640	1,260
Other	3,000	3,000	350	2,650
Appropriated reserves	600	600		600
Total expenditures	9,000	9,000	3,990	4,510
Net change in fund balance	\$ (1,000)	\$ (1,000)	6,664	\$ 7,664
Fund balance at beginning of year			8,569	
Fund balance at end of year			\$ 15,233	

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Agate School District No. 300
Agate, Colorado

We have audited the financial statements of the Agate School District No. 300 (the District) as of and for the year ended June 30, 2021, and our report thereon dated September 2, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 2, 2021



Colorado Department of Education

Auditors Integrity Report

District: 0960 - Agate 300

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	748,397	1,439,176	1,244,203	943,370
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	748,397	1,439,176	1,244,203	943,370
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	8,569	10,654	3,990	15,233
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	21,567	60,218	68,603	13,183
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	6,437	995	1,732	5,700
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	784,970	1,511,044	1,318,528	977,486
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