

cPa DIXON, WALLER & CO., INC.

STRASBURG SCHOOL

DISTRICT 31J

STRASBURG, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2021

DIXON, WALLER & CO., INC.

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STRASBURG SCHOOL DISTRICT 31J

FINANCIAL STATEMENTS

JUNE 30, 2021

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**STRASBURG SCHOOL DISTRICT 31J
ROSTER OF SCHOOL OFFICIALS
June 30, 2021**

BOARD OF EDUCATION

Julie Winter

President

Michael Marrero

1st Vice-President

Ryan Dwyer

2nd Vice-President

Diana Elliott

Secretary

Dillon Kent

Treasurer

SCHOOL OFFICIALS

Monica Johnson

Superintendent

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

**Board of Education
Strasburg School District 31J
Strasburg, Colorado 80135**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Strasburg School District 31J, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Strasburg School District 31J, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 and pension and post employment benefits trend data on pages i through vii, and 47 through 55 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 Strasburg School District 31J's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of Strasburg School District 31J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Strasburg School District 31J's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Strasburg School District 31J's internal control over financial reporting and compliance.


November 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Strasburg School District 31J – Management’s Discussion and Analysis

June 30, 2021

This is a Management Discussion and Analysis (MD&A) for Strasburg School District 31J. It offers the reader management’s perspective of the financial activities of Strasburg School District 31J for the year ended June 30, 2021.

The MD&A is an element of reporting put forth by the Government Accounting Standards Board (GASB), in accordance with GASB Statement No. 34, *Basic Financial Statement and Management’s Discussion and Analysis for State and Local Governments*.

Financial Highlights

- In government-wide activities the District’s net position totaled (\$50,802) at the end of the 2021 fiscal year and (\$5,405,740) at the end of the 2020 fiscal year..
- Total assets in the governmental funds (General, Bond Redemption, & Non-major Governmental Funds) were \$33,530,431; total liabilities and deferred inflows were \$1,528,142; an ending fund balance of \$31,798,279.
- The ending fund balance of the General Fund was 4,458,094 at June 2019 and 5,029,978 at June 30, 2020. The General Fund portion maintained a fund balance of 49% of the total General Fund budget well within the 15% required by Board policy DG.

Overview of the Financial Statements

The Management’s Discussion & Analysis is presented as an introduction into the Strasburg School District’s basic financial statements. This information is comprised in the following three components:

- 1) Government-wide financial statements
- 2) Fund Financial Statements
- 3) Notes to financial statements

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

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

deteriorating. The reader should consider the impact of the pension liability when examining the net position.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused employee leave).

Government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include instruction, instructional support, general and school administration, business and central services, maintenance and operations, and transportation. The business-type activity also includes food services which is funded in part from fees, federal funds administered by the state, and supplemented by General funds.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been "set apart" for specific activities. The fund financial statements provide detailed information about the District's funds. These statements focus on those specific funds, not the District as a whole. Strasburg School District 31J, like other governmental agencies, uses fund accounting to demonstrate and ensure compliance.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

The District does not report any proprietary fund types.

Governmental Funds: Most of the District's basic services are reported in governmental funds. This information is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund accounting may help the reader determine whether there are more or less financial resources that can be spent in the near future. The differences between the government-wide statements and the governmental funds are reconciled in the financial statements. The District reports the following funds as major governmental funds: The General Fund and the Bond Redemption Fund.

Fiduciary Funds: The District is the agent, or *Fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purpose. The District reports the student activities as a Fiduciary Fund.

Supplementary Information: In addition to the financial statements and accompanying notes, the District's financial statements also contain more detailed financial information and other supplementary information concerning the District's non-major governmental funds.

Financial Analysis of The Governmental Funds: The focus of the District's governmental funds is to provide information on balances of available (spendable) resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful tool in measuring the District's net resources available for spending at the end of the fiscal year. The District's unassigned fund balance in the General Fund was \$4,458,094 at June 30, 2020 compared to 5,029,978 at June 30, 2021, that results in a change of \$571,884 in the General Fund, fund balance.

Financial Analysis of the District as a Whole

The District's total net position on June 30, 2021 was (\$50,802). Of the District's \$40,267,186 in total assets, \$24,521,895 reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. The principal long term debt on June 30, 2021 was \$22,955,000. Current debt (due within one year) was \$740,000.

NET POSITION	2021			2020		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
ASSETS						
Current and Other Assets	33,071,997	-	33,071,997	7,676,388	-	7,676,388
Capital Assets	13,195,189	-	13,195,189	12,467,825	-	12,467,825
Total Assets	46,267,186	-	46,267,186	20,144,213	-	20,144,213
Deferred Outflows	5,043,452		5,043,452	2,150,660		2,150,660
LIABILITIES						
Current and Other Liabilities	1,224,710	-	1,224,710	1,412,289	-	1,412,289
Long Term Liabilities	43,808,405	-	43,808,405	17,620,173	-	17,620,173
Total Liabilities	45,033,115	-	45,033,115	19,032,462	-	19,032,462
Deferred Inflows	6,328,325		6,328,325			-
NET POSITION						
Net Investment in Capital Assets	8,204,260	-	8,204,260	7,973,149	-	7,973,149
Restricted for:						
Tabor Reserve	324,000	-	324,000	324,000	-	324,000
Debt Service	2,248,493	-	2,248,493	1,564,191	-	1,564,191
Capital Outlay	24,024,824	-	24,024,824	-	-	-
Food Service	37,430	-	37,430	-	-	-
Unrestricted	(34,889,809)	-	(34,889,809)	(15,267,080)	-	(15,267,080)
NET POSITION	(50,802)	-	(50,802)	(5,405,740)	-	(5,405,740)

Changes in Net Position	2021		2020	
	Governmental Activities	Total	Governmental Activities	Total
Revenues				
Charges for Services	361,973	361,973	234,649	234,649
Operating Grants and Contributions	1,941,537	1,941,537	1,032,506	1,032,506
Capital Grants and Contributions	507,652	507,652	-	-
Property taxes	5,054,541	5,054,541	3,979,051	3,979,051
Specific Ownership Taxes	273,654	273,654	269,043	269,043
Equalization	5,425,420	5,425,420	5,910,413	5,910,413
Earnings on investments	28,304	28,304	60,848	60,848
Other Revenues	46,038	46,038	421,145	421,145
TOTAL REVENUES	13,639,119	13,639,119	11,907,655	11,907,655
Expenses				
Instructional services	6,261,820	6,261,820	4,772,529	4,772,529
Support Services			3,616,252	
Students	720,981	720,981	-	-
Instructional staff	150,303	150,303	-	-
District administration	331,252	331,252	-	-
School administration	656,365	656,365	-	-
Business	176,401	176,401	-	-
Operation and maintenance of facilities	1,487,496	1,487,496	-	-
Transportation	376,475	376,475	-	-
Central	10,620	10,620	-	-
Facility Acquisition & Construction	563,096	563,096	-	-
Food Service	402,164	402,164	349,523	349,523
Capital outlay		-	-	-
Interest on Long Term Liabilities	367,972	367,972	127,629	127,629
Issue Costs	210,610	210,610	-	-
Pension and OPEB Expense (Income)	(3,272,437)	(3,272,437)	-	-
TOTAL EXPENSES	8,443,118	8,443,118	8,865,933	5,249,681
Increase (Decrease in Net Position)	5,196,001	5,196,001	3,041,722	6,657,974

Governmental Activities by Major Function

	2021		2020	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	(6,261,820)	(4,524,374)	(4,772,529)	(3,778,898)
Support Services			(3,616,252)	(3,486,429)
Students	(720,981)	(612,208)	-	-
Instructional staff	(150,303)	(150,303)	-	-
District administration	(331,252)	(331,252)	-	-
School administration	(656,365)	(656,365)	-	-
Business	(176,401)	(176,401)	-	-
Operation and maintenance of facilities	(1,487,496)	(1,487,496)	-	-
Transportation	(376,475)	(291,514)	-	-
Central	(10,620)	(10,620)	-	-
Facility Acquisition & Construction	(563,096)	(563,096)	-	-
Food Service	(402,164)	(29,834)	(349,523)	(205,822)
Capital outlay	-	507,652	-	-
Interest on Long Term Liabilities	(367,972)	(367,972)	(127,629)	(127,629)
Issue Costs	(210,610)	(210,610)	-	-
Pension and OPEB Expense (Income)	3,272,437	3,272,437	-	-
Total	<u>(8,443,118)</u>	<u>(5,631,956)</u>	<u>(8,865,933)</u>	<u>(7,598,778)</u>

Financial Analysis of the District's Funds

The General Fund is the major operating fund of the District. During the current fiscal year, fund balance increased by \$571,884 from \$4,458,094 to \$5,029,978.

The Bond Redemption Fund accounts for property taxes restricted for the payment of general obligation debt, and had an ending fund balance at June 30, 2021 of 2,248,483.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. For the year ended June 30, 2021, actual expenditures of \$10,166,230 were greater than budgeted expenditures by \$597,944. Actual revenue was \$10,738,114; 1,119,828 more than originally budgeted. These differences can be explained in the unexpected increase in revenue due to COVID relief allocations.

The District must maintain an emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). On June 30, 2021, the General Fund TABOR reserve amounted to \$324,000.

Capital Asset and Debt Administration

Capital assets. The District's capital assets as of June 30, 2021, totaled \$24,521,895. More information on the District's capital assets can be found in Note 3 to the financial statements.

Capital Assets (Net of Depreciation)

	Governmental <u>2020-2021</u>	Business Type <u>2020-2021</u>	Total <u>2020-2021</u>	Governmental <u>2019-2020</u>	Business Type <u>2019-2020</u>	Total <u>2019-2020</u>
Land & Sites	796,786	-	796,786	796,786	-	796,786
Construction in Progress	1,001,429	-	1,001,429	-	-	-
Buildings & Improvements	10,769,450	-	10,769,450	11,094,352	-	11,094,352
Equipment & Vehicles	612,375	-	612,375	557,399	-	557,399
Food Service	15,149	-	15,149	19,288	-	19,288
Total Capital Assets	<u>13,195,189</u>	<u>-</u>	<u>13,195,189</u>	<u>12,467,825</u>	<u>-</u>	<u>12,467,825</u>

Long-term debt. As of June 30, 2021, the District had general obligation bonds payable of \$22,955,000. Voters approved a bond for the renovation and additional classrooms at the Elementary School along with life-safety renovations and remodel at the High School. More information on the District's long-term debt can be found in Note 4 to the financial statements.

CHANGES IN LONG TERM DEBT

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2021</u>
Compensated Absences	21,214	53,265	300,000	(225,521)
2012 G.O. Bonds	4,195,000	-	25,261	4,169,739
2012 Bond Premium	71,776	-	400,000	(328,224)
2014 G.O. Bonds	400,000	-	8,584	391,416
2014 Bond Premium	8,584	-	-	8,584
2021 G.O. Bonds	-	19,800,000	112,519	19,687,481
2021 Bond Premium	-	5,265,515	30,114	5,235,401
Deferred Refunding	180,684	-	-	180,684
Totals	<u>4,877,258</u>	<u>25,118,780</u>	<u>876,478</u>	<u>29,119,560</u>

Economic Factors

Colorado School Districts are largely funded by state revenue backfilling the gap between local property tax revenue. The State of Colorado has not fully recovered from times of recession beginning in 2009-2010. The Budget Stabilization factor withholds state funding to district, Strasburg has experienced a loss of \$11,635,520 total from 2009 to 2022. This exceeds the amount of a full fiscal year general fund budget. It is as if the district lost one full year of funding.

The loss of funding has resulted in salaries for staff to fall significantly below that of districts only 30 miles away. The loss of earning potential forces staff to consider leaving the profession or move to areas with higher salaries.

The District has experienced growth with the development of new housing developments. This increase has significantly impacted the elementary school, resulting in overcrowding. November 2020 the voters approved a bond to build additional classrooms, address life/safety, and sustainability improvements for the elementary and high school.

Student growth has removed the district from the PPR averaging and designated the district as only rural, no longer small rural for funding purposes. Over the next five (5) years the District is expected to experience an increase in student count of more than 250 students.

The Board of Education is committed to providing students with a 21st century learning experience. To that end they have worked diligently to stop deficit spending and increase the fund balance while meeting the needs of students.

Long-Term Financial Planning

The Superintendent is responsible for ensuring the District meets the requirements contained in long-term financial planning. The Board and District management recognize the importance of retaining a healthy fund balance to ensure the long-term financial stability of the District. Therefore, financial policy requires the District to maintain a fund balance of 15% of the expenditures within the general fund.

Contacting the District's Financial Management

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

Monica Johnson
Superintendent

Strasburg School District
56729 E. Colorado Ave.
Strasburg, CO 80136

BASIC FINANCIAL STATEMENTS

STRASBURG SCHOOL DISTRICT 31J
STATEMENT OF NET POSITION
June 30, 2021

	Governmental	Total
	Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	32,678,163	32,678,163
Accounts Receivable - Net	9,366	9,366
Grants Receivable	129,077	129,077
Property Taxes Receivable	241,400	241,400
Prepaid Assets	-	-
Inventories	13,991	13,991
Capital Assets	24,521,895	24,521,895
Accumulated Depreciation	<u>(11,326,706)</u>	<u>(11,326,706)</u>
<u>Total Assets</u>	<u>46,267,186</u>	<u>46,267,186</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	4,798,949	4,798,949
Other Post Employment Benefits	93,933	93,933
Deferred Refunding	<u>150,570</u>	<u>150,570</u>
<u>Total Deferred Outflow of Resources</u>	<u>5,043,452</u>	<u>5,043,452</u>
<u>LIABILITIES</u>		
Accounts Payable	276,696	276,696
Accrued Salaries	734,518	734,518
Accrued Interest Payable	80,523	80,523
Compensated Absences	74,479	74,479
Unearned Revenue	58,494	58,494
Net Pension Liability	14,390,797	14,390,797
Net OPEB Liability	523,097	523,097
Unamortized Bond Premium	5,199,511	5,199,511
Debt Payable- Within 1 Year	740,000	740,000
Debt Payable – More Than 1 Year	<u>22,955,000</u>	<u>22,955,000</u>
<u>Total Liabilities</u>	<u>45,033,115</u>	<u>45,033,115</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	6,152,855	6,152,855
Other Post Employment Benefits	<u>175,470</u>	<u>175,470</u>
<u>Total Deferred Inflow of Resources</u>	<u>6,328,325</u>	<u>6,328,325</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	8,204,260	8,204,260
Restricted for:		
TABOR Reserve	324,000	324,000
Food Service	37,430	37,430
Debt Service	2,248,493	2,248,493
Capital Outlay	24,024,824	24,024,824
Unrestricted	<u>(34,889,809)</u>	<u>(34,889,809)</u>
<u>TOTAL NET POSITION</u>	<u>(50,802)</u>	<u>(50,802)</u>

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

STRASBURG SCHOOL DISTRICT 31J
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	<u>General</u>	<u>Bond Fund</u>	<u>Building Fund</u>
<u>ASSETS</u>			
Cash and Equivalents	5,597,264	2,535,172	23,959,899
Accounts Receivable	9,366	-	-
Grants Receivable	26,610	-	71,032
Due From Other Funds	159,545	-	298,889
Property Taxes Receivable	164,300	77,100	-
Prepaid Assets	-	-	-
Inventories	-	-	-
<u>Total Assets</u>	<u>5,957,085</u>	<u>2,612,272</u>	<u>24,329,820</u>
<u>LIABILITIES</u>			
Accounts Payable	39,229	-	235,289
Accrued Salaries	707,969	-	-
Due To Other Funds	-	298,889	69,707
Interest Payable	-	-	-
Unearned Revenues	40,799	-	-
<u>Total Liabilities</u>	<u>787,997</u>	<u>298,889</u>	<u>304,996</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Taxes	139,110	64,900	-
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Emergencies	324,000	-	-
Preschool	-	-	-
Food Service	-	-	-
Capital Outlay	-	-	24,024,824
Debt Service	-	2,248,483	-
Committed for:			
Capital Outlay	-	-	-
Assigned for:			
Pupil Activities	-	-	-
Unassigned	4,705,978	-	-
<u>Total Fund Balances</u>	<u>5,029,978</u>	<u>2,248,483</u>	<u>24,024,824</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>5,957,085</u>	<u>2,612,272</u>	<u>24,329,820</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
585,828	32,678,163
-	9,366
31,435	129,077
-	458,434
-	241,400
-	-
<u>13,991</u>	<u>13,991</u>
<u>631,254</u>	<u>33,530,431</u>
2,178	276,696
26,549	734,518
89,838	458,434
-	-
<u>17,695</u>	<u>58,494</u>
<u>136,260</u>	<u>1,528,142</u>
-	<u>204,010</u>
13,991	13,991
-	324,000
-	-
23,439	23,439
-	24,024,824
-	2,248,483
297,700	297,700
159,864	159,864
-	<u>4,705,978</u>
<u>494,994</u>	<u>31,798,279</u>
<u>631,254</u>	<u>33,530,431</u>

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

**STRASBURG SCHOOL DISTRICT 31J
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO 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	\$ 31,798,279
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$24,521,895 and the accumulated depreciation is \$11,326,706.	13,195,189
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available.	204,010
Accrued interest that is not due and payable on long term debt is not reported in the funds.	(80,523)
Compensated absences are not reported as a liability in the funds.	(74,479)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(23,695,000)
Unamortized bond premium is not reported in the funds.	(5,199,511)
Deferred refunding on bonds is not reported in the funds.	150,570
The District’s portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(14,390,797)
The District’s portion of the net OPEB obligation is reported on the statement of net position is not reported as a liability in the funds.	(523,097)
Deferred flows for contributions made toward the net pension obligation from December 31, 2020 until June 30, 2021 is not reported in the funds.	548,256
Deferred flows for contributions made toward the net OPEB obligation from December 31, 2020 until June 30, 2021 is not reported in the funds.	26,757
Net deferred pension flows – Plan Level	(3,411,660)
Net deferred pension flows – Employer Level	1,509,498
Net deferred OPEB flows – Plan Level	(163,155)
Net deferred OPEB flows – Employer Level	<u>54,861</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(50,802)</u>

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

STRASBURG SCHOOL DISTRICT 31J
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>General</u>	<u>Bond Fund</u>	<u>Building Fund</u>
<u>REVENUES</u>			
Property Taxes	3,166,333	1,781,298	-
Specific Ownership Taxes	273,654	-	-
Earnings on Investments	5,432	15,938	6,521
Other Local Sources	284,744	1,170	-
State Aid	5,968,602	-	164,827
Federal Aid	1,039,349	-	-
<u>Total Revenues</u>	<u>10,738,114</u>	<u>1,798,406</u>	<u>171,348</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	5,846,304	-	-
Supporting Services:			
Students	625,559	-	-
Instructional Staff	150,303	-	-
District Administration	326,774	-	-
School Administration	656,365	-	-
Business	176,401	-	-
Operation & Maintenance of Facilities	1,482,604	-	-
Transportation	328,204	-	-
Central Support	563,096	-	-
Other Support Services	10,620	-	-
Food Service	-	-	-
Debt Service:			
Principal Retirement	-	700,000	-
Interest and Fiscal Charges	-	414,114	-
Capital Outlay	-	-	1,001,429
<u>Total Expenditures</u>	<u>10,166,230</u>	<u>1,114,114</u>	<u>1,001,429</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>571,884</u>	<u>684,292</u>	<u>(830,081)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	(92,010)
Proceeds From Debt	-	-	19,800,000
Premium on Bonds	-	-	5,265,515
Issue Costs	-	-	(210,610)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>24,762,895</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>571,884</u>	<u>684,292</u>	<u>23,932,814</u>
<u>FUND BALANCES, Beginning</u>	<u>4,458,094</u>	<u>1,564,191</u>	<u>92,010</u>
<u>FUND BALANCES, Ending</u>	<u>5,029,978</u>	<u>2,248,483</u>	<u>24,024,824</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	4,947,631
-	273,654
413	28,304
467,019	752,933
3,185	6,136,614
<u>353,724</u>	<u>1,393,073</u>
<u>824,341</u>	<u>13,532,209</u>
-	5,846,304
107,846	733,405
-	150,303
-	326,774
-	656,365
-	176,401
-	1,482,604
-	328,204
-	563,096
-	10,620
398,025	398,025
-	700,000
-	414,114
<u>137,542</u>	<u>1,138,971</u>
<u>643,413</u>	<u>12,925,186</u>
<u>180,928</u>	<u>607,023</u>
92,010	-
-	19,800,000
-	5,265,515
-	(210,610)
<u>92,010</u>	<u>24,854,905</u>
272,938	25,461,928
<u>222,056</u>	<u>6,336,351</u>
<u>494,994</u>	<u>31,798,279</u>

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

STRASBURG SCHOOL DISTRICT 31J
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 – TOTAL GOVERNMENTAL FUNDS **25,461,928**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays more than \$5,000	1,151,395	
Depreciation Expense	<u>(424,031)</u>	727,364

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. 106,910

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount. (53,265)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Debt Proceeds	(19,800,000)
Premium on Debt	(5,265,515)
Accrued Interest	(70,108)
Debt Payment	700,000
Premium Amortization	146,364
Deferred Refunding	<u>(30,114)</u>

The statement of activities reports net pension liability which is not reported in the fund financial statements.

Change in Net Pension Liability	(2,072,691)
Change in Net OPEB Liability	82,396
Deferred Flows from Net Pension Liability	5,273,831
Deferred Flows from Net OPEB Liability	<u>(11,099)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **5,196,001**

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

NOTES TO BASIC FINANCIAL STATEMENTS

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Strasburg School District 31J (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Strasburg School District 31J. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Building Fund and Bond Funds) and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- **Major Governmental Funds**
 1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
 2. **Bond Redemption Debt Service Fund** – used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.
 3. **Building Fund** – this fund is used to account for all resources available for acquiring capital sites, buildings, and equipment as specified by the related bond issue.

Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2020 but uncollected in 2021 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2021 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. General obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

STRASBURG SCHOOL DISTRICT 31J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 4, 1997 the registered voters approved a ballot resolution authorizing Strasburg School District 31J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2021 the District reserved \$324,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year’s spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2020 property tax calendar for Fremont County was as follows:

Levy Date	December 15, 2020
Lien Date	January 1, 2021
Tax Bills Mailed	January 1, 2021
First Installment Due	February 28, 2021
Second Installment Due	June 15, 2021
If Paid in Full, Due	April 30, 2021
Tax Sale – 2019 Delinquent Property Taxes	October 25, 2020

L. Accumulated Sick Leave

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2021, the District has recorded an estimated liability of \$74,479 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Accumulated Sick Leave	<u>21,214</u>	<u>-</u>	<u>53,265</u>	<u>74,479</u>

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. GASB Statement No. 54

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. 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.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. **GASB Statement No. 54 (Continued)**

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Pupil Activity Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>							
Inventories	-	-	-	-	-	13,991	13,991
<u>Restricted:</u>							
Emergencies	324,000	-	-	-	-	-	-
Preschool	-	-	-	-	-	-	324,000
Food Service	-	-	-	-	-	23,439	23,439
Capital Outlay	-	-	24,024,824	-	-	-	24,024,824
Debt Service	-	2,248,483	-	-	-	-	2,248,483
<u>Committed:</u>							
Capital Outlay	-	-	-	-	297,700	-	297,700
<u>Assigned:</u>							
Pupil Activities	-	-	-	159,864	-	-	159,864
<u>Unassigned</u>	<u>4,705,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,705,978</u>
<u>Total Fund</u>							
<u>Balances</u>	<u>5,029,978</u>	<u>2,248,483</u>	<u>24,024,824</u>	<u>159,864</u>	<u>297,700</u>	<u>37,430</u>	<u>31,798,279</u>

O. **Deferred Outflows / Inflows of Resources**

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

In addition to liabilities, the statement of financial position and the balance sheet 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.

STRASBURG SCHOOL DISTRICT 31J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	Items Eliminated	
	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund		159,545
Building Fund	69,707	298,889
Food Service	89,838	-
Bond Fund	<u>298,889</u>	<u>-</u>
	<u>458,434</u>	<u>458,434</u>

	Items Eliminated	
	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
Building Fund	92,010	-
Capital Reserve	<u>-</u>	<u>92,010</u>
	<u>92,010</u>	<u>92,010</u>

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 **BUDGETARY INFORMATION (Continued)**

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Building Fund, Capital Reserve Capital Projects Fund, and Debt Service Funds.
6. Budgets for the General, Special Revenue, Building Fund, Capital Reserve Capital Projects Fund, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds.

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 **CASH AND EQUIVALENTS**

Deposits

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

At June 30, 2021, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	500,000	500,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	5,770,352	6,107,828
Cash with County Treasurer	145,999	-
ColoTrust – Cash Equivalent	26,261,812	-
Cash on Hand	<u> -</u>	<u> -</u>
<u>Total Cash and Deposits</u>	<u>32,678,163</u>	<u>6,607,828</u>

As presented above, deposits with a bank balance of \$6,107,828 and a carrying balance of \$5,770,352, as of June 30, 2021 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Capital Assets Not Being</u>				
<u>Depreciated</u>				
Land	796,786	-	-	796,786
Construction In Progress	-	1,001,429	-	1,001,429
<u>Total Capital Assets Not Being</u>				
<u>Depreciated</u>	<u>796,786</u>	<u>1,001,429</u>	<u>-</u>	<u>1,798,215</u>
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Buildings & Site Improvements	20,129,547	-	-	20,129,547
Equipment	1,206,154	12,500	15,011	1,203,643
Vehicles	1,382,056	137,466	277,911	1,241,611
Food Service Equipment	148,879	-	-	148,879
<u>Total Capital Assets Being</u>				
<u>Depreciated</u>	<u>22,866,636</u>	<u>149,966</u>	<u>292,922</u>	<u>22,723,680</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	9,035,195	324,902	-	9,360,097
Equipment	972,110	46,719	15,011	1,003,818
Vehicles	1,058,701	48,271	277,911	829,061
Food Service Equipment	129,591	4,139	-	133,730
<u>Total Accumulated Depreciation</u>	<u>11,195,597</u>	<u>424,031</u>	<u>292,922</u>	<u>11,326,706</u>
<u>Total Capital Assets Being</u>				
<u>Depreciated, Net</u>	<u>11,671,039</u>	<u>(274,065)</u>	<u>-</u>	<u>11,396,974</u>
<u>Governmental Activities Capital</u>				
<u>Assets, Net</u>	<u>12,467,825</u>	<u>727,364</u>	<u>-</u>	<u>13,195,189</u>

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

Governmental Activities:

Instruction	362,251
Student Support	-
Instructional Support	-
General Administration Support	4,478
School Administration Support	-
Business Services Support	-
Operations and Maintenance	4,892
Transportation	48,271
Food Service	4,139
<u>Total Depreciation Expense –Governmental Activities</u>	<u>424,031</u>

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Strasburg School District 31J 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 makes changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

Plan description. Eligible employees of the Strasburg School District 31J are provided with pensions through the SCHDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

**STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2021

NOTE 6

PENSION PLAN (Continued)

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

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

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

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

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

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

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

Contributions provisions as of June 30, 2021: Eligible employees of, Strasburg School District 31J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Strasburg School District 31J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Strasburg School District 31J were \$1,029,541 for the year ended June 30, 2021.

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

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

At June 30, 2021, the Strasburg School District 31J reported a liability of \$14,390,797 for its proportionate share of the net pension liability. The amount recognized by the Strasburg School District 31J 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 Strasburg School District 31J were as follows:

Strasburg School District 31J proportionate share of the net pension liability	\$ 14,390,797
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Strasburg School District 31J	\$ -
Total	\$ 14,390,797

At December 31, 2020, the Strasburg School District 31J proportion was 0.0952 percent, which was an increase of 0.0127 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Strasburg School District 31J recognized pension income of \$3,201,140. At June 30, 2021, the Strasburg School District 31J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	790,703	-
Changes of assumptions or other inputs	1,384,350	(2,418,971)
Net difference between projected and actual earnings on pension plan investments	-	(3,167,742)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,075,640	(566,142)
Contributions subsequent to the measurement date	548,256	N/A
Total	4,798,949	(6,152,855)

\$548,256 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2021	
2022	(2,213,491)
2023	1,033,820
2024	(222,762)
2025	(499,729)
2026	-
Thereafter	-

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 **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*	Financed by the AIR

*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.

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.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

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

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

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

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

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

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

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

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

*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.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

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

Sensitivity of the Strasburg School District 31J proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	19,630,225	14,390,797	10,024,626

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

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Strasburg School District 31J 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. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$9,467.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Strasburg School District 31J 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 Strasburg School District 31J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Strasburg School District 31J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Strasburg School District 31J were \$52,824 for the year ended June 30, 2021.

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

At June 30, 2021, the Strasburg School District 31J reported a liability of \$523,097 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 Strasburg School District 31J proportion of the net OPEB liability was based on Strasburg School District 31J 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 Strasburg School District 31J proportion was 0.055 percent, which was an increase of 0.0009 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Strasburg School District 31J recognized OPEB income of \$71,297. At June 30, 2021, the Strasburg School District 31J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	1,388	(115,002)
Changes of assumptions or other inputs	3,909	(32,076)
Net difference between projected and actual earnings on OPEB plan investments	-	(21,374)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	61,879	(7,018)
Contributions subsequent to the measurement date	26,757	N/A
Total	93,933	(175,470)

\$26,757 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2021	
2022	(15,496)
2023	(12,506)
2024	(35,743)
2025	(32,705)
2026	(11,142)
Thereafter	(702)

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (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 the 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		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Plan			
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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:

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

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

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

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.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

	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

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

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

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

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.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

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

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

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (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:

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

*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 Strasburg School District 31J proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	509,577	523,097	538,837

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

- 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 Strasburg School District 31J 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	599,218	523,097	458,059

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.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

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

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

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2021.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

An audited summary of the Colorado School District's Pool financial information at June 30, 2020 and for the year then ended (latest information available) follows:

Total Assets	<u>50,982,972</u>
Total Liabilities	<u>23,141,059</u>
Total Equity	<u>27,841,913</u>
Revenue	31,306,454
Underwriting Expenses	<u>26,904,016</u>
Underwriting Gain (Loss)	4,402,438
Net Investment Income	1,580,789
Other Income	-
Net Income (Loss) Before Dividend	<u>5,983,227</u>
Dividend	-
Net Income	<u>5,983,227</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>48,913</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>27,841,913</u>

NOTE 10 LITIGATION

None.

NOTE 11 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

NOTE 12 JOINT VENTURES

Not reflected in the accompanying financial statements is the District's participation in the East Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 JOINT VENTURES (Continued)

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2021. The joint venture summary audited financial information as of June 30, 2020 is as follows:

Assets and Deferred Outflows	<u>3,975,540</u>
Liabilities and Deferred Inflows	13,721,932
Net Position	<u>(9,746,392)</u>
	<u>3,975,540</u>
Revenues	10,237,636
Expenses	<u>9,008,734</u>
Changes in Net Position	<u>1,228,902</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor's Office.

NOTE 13 LONG-TERM DEBT

The following is a summary of the transactions in the school district's long-term debt:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
2012 G.O. Bonds	4,195,000	-	300,000	3,895,000	740,000
2014 G.O. Bonds	400,000	-	400,000	-	-
2021 G.O. Bonds	-	19,800,000	-	19,800,000	-
Deferred Refunding	<u>(180,684)</u>	<u>-</u>	<u>(30,114)</u>	<u>(150,570)</u>	<u>(30,114)</u>
	<u>4,414,316</u>	<u>19,800,000</u>	<u>669,886</u>	<u>23,544,430</u>	<u>709,886</u>

STRASBURG SCHOOL DISTRICT 31J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 13 **LONG-TERM DEBT (Continued)**

General Obligation Refunding Series 2012

The District issued General Obligation Refunding Bonds, Series 2012, to advance refund the outstanding General Obligation Bonds, Series 2006. Payments on the 2012 series are payable semi-annually with interest ranging from 2% to 3%. The 2006 Series is considered to be defeased and the liability for the issue has been removed from the financial statements.

Below is a schedule of debt service requirements to maturity:

2012 Refunding Issue

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	740,000	96,225
2023	760,000	77,475
2024	775,000	58,288
2025	800,000	36,600
2026	<u>820,000</u>	<u>12,300</u>
Total	<u>3,895,000</u>	<u>280,888</u>

General Obligation Bonds Series 2021

On January 13, 2021, the District issued \$19,800,000 in General Obligation Bonds for the purpose of making capital improvements to the District. Principal payments will be due on December 1 each year beginning December 1, 2026. Interest payments are payable semi-annually beginning June 1, 2021 with rates of 4 and 5%

Below is a schedule of debt service requirements to maturity:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	-	860,800
2023	-	860,800
2024	-	860,800
2025	-	860,800
2026	-	860,800
Thereafter	<u>19,800,000</u>	<u>9,384,100</u>
	<u>19,800,000</u>	<u>13,688,100</u>

STRASBURG SCHOOL DISTRICT 31J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 **INTERFUND BALANCES**

Interfund Balances

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
<u>Major Governmental Funds</u>		
General Fund	-	159,545
Building Fund	69,707	298,889
Bond Fund	298,889	-
<u>Non Major Governmental Funds</u>		
Food Service	<u>89,838</u>	-
Capital Reserve Capital Projects	<u>458,434</u>	<u>458,434</u>

These interfund balances occurred due to expenditures paid on behalf of another fund.

Interfund balances are expected to be paid within one year from the date of the financial statements.

<u>Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Governmental Funds</u>		
General Fund	-	-
Building Fund	-	92,010
Bond Fund	-	-
<u>Nonmajor Governmental Funds</u>		
Food Service	-	-
Capital Reserve Capital Projects	<u>92,010</u>	-
	<u>92,010</u>	<u>92,010</u>

These transfers were to assist with operations.

NOTE 15 **ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, are estimated to be \$734,518 and will be paid during the 2021-2022 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 16 **INVENTORIES**

Food Service Fund inventories at June 30, 2021, consisted of USDA, purchased food, and non-food amounting to \$13,991. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

PENSION AND OPEB TREND DATA

**STRASBURG SCHOOL DISTRICT 31J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	3,189,282	3,189,282	3,166,333	(22,949)
Specific Ownership Taxes	235,926	235,926	273,654	37,728
Earnings on Investments	60,000	60,000	5,432	(54,568)
Delinquent Taxes & Interest	-	-	3,483	3,483
Other	265,860	265,860	281,261	15,401
<u>State Sources</u>				
Equalization	5,415,276	5,415,276	5,425,420	10,144
Transportation	70,000	70,000	84,961	14,961
Small Rural Funding	-	-	145,103	145,103
ECEA	157,989	157,989	223,776	65,787
Other	88,539	88,539	89,342	803
<u>Federal Sources</u>				
Other	135,414	135,414	1,039,349	903,935
<u>TOTAL REVENUES</u>	<u>9,618,286</u>	<u>9,618,286</u>	<u>10,738,114</u>	<u>1,119,828</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
<u>Regular Programs</u>				
Salaries	3,905,934	3,905,934	3,875,316	30,618
Employee Benefits	1,395,466	1,395,466	1,163,964	231,502
Purchased Services – Professional	13,850	13,850	15,773	(1,923)
Purchased Services - Property	48,000	48,000	41,944	6,056
Purchased Services – Other	380,482	380,482	346,185	34,297
Supplies and Materials	244,412	244,412	195,055	49,357
Property	225,261	225,261	208,067	17,194
Other Objects	-	-	-	-
<u>Total Instruction</u>	<u>6,213,405</u>	<u>6,213,405</u>	<u>5,846,304</u>	<u>367,101</u>

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

**STRASBURG SCHOOL DISTRICT 31J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	251,466	251,466	253,881	(2,415)
Employee Benefits	88,229	88,229	82,097	6,132
Purchased Services - Professional	52,001	52,001	54,142	(2,141)
Purchased Services - Property	-	-	-	-
Purchased Services - Other	236,826	236,826	233,696	3,130
Supplies and Materials	3,550	3,550	1,743	1,807
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>632,072</u>	<u>632,072</u>	<u>625,559</u>	<u>6,513</u>
<u>Instructional Staff</u>				
Salaries	98,432	98,432	100,955	(2,523)
Employee Benefits	33,924	33,924	34,530	(606)
Purchased Services - Professional	-	-	-	-
Purchased Services - Property	-	-	-	-
Purchased Services - Other	7,000	7,000	2,693	4,307
Supplies and Materials	16,150	16,150	12,125	4,025
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>155,506</u>	<u>155,506</u>	<u>150,303</u>	<u>5,203</u>
<u>General Administration</u>				
Salaries	192,388	192,388	197,044	(4,656)
Employee Benefits	51,592	51,592	55,343	(3,751)
Purchased Services – Professional	55,200	55,200	53,194	2,006
Purchased Services – Property	5,300	5,300	3,552	1,748
Purchased Services – Other	8,000	8,000	2,460	5,540
Supplies and Materials	4,900	4,900	1,895	3,005
Property	1,000	1,000	-	1,000
Other Objects	13,500	13,500	13,286	214
<u>Total General Administration</u>	<u>331,880</u>	<u>331,880</u>	<u>326,774</u>	<u>5,106</u>

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

**STRASBURG SCHOOL DISTRICT 31J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	508,792	508,792	489,739	19,053
Employee Benefits	142,510	142,510	127,788	14,722
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	19,500	19,500	17,121	2,379
Purchased Services – Other	1,500	1,500	944	556
Supplies and Materials	27,700	27,700	16,283	11,417
Property	-	-	-	-
Other Objects	<u>3,100</u>	<u>3,100</u>	<u>4,490</u>	<u>(1,390)</u>
<u>Total School Administration</u>	<u>703,102</u>	<u>703,102</u>	<u>656,365</u>	<u>46,737</u>
<u>Business Services</u>				
Salaries	102,467	102,467	107,080	(4,613)
Employee Benefits	22,168	22,168	22,617	(449)
Purchased Services – Professional	50,000	50,000	41,035	8,965
Purchased Services - Property	250	250	-	250
Purchased Services - Other	1,000	1,000	-	1,000
Supplies and Materials	3,500	3,500	3,923	(423)
Property	750	750	707	43
Other Objects	<u>1,100</u>	<u>1,100</u>	<u>1,039</u>	<u>61</u>
<u>Total Business Services</u>	<u>181,235</u>	<u>181,235</u>	<u>176,401</u>	<u>4,834</u>
<u>Operations and Maintenance</u>				
Salaries	523,788	523,788	510,094	13,694
Employee Benefits	181,883	181,883	172,971	8,912
Purchased Services – Professional	-	-	-	-
Purchased Services - Property	199,700	199,700	231,744	(32,044)
Purchased Services - Other	35,000	35,000	46,377	(11,377)
Supplies and Materials	455,995	455,995	511,981	(55,986)
Property	9,874	9,874	9,437	437
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Operations and Maintenance</u>	<u>1,406,240</u>	<u>1,406,240</u>	<u>1,482,604</u>	<u>(76,364)</u>

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

STRASBURG SCHOOL DISTRICT 31J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
Salaries	199,106	199,106	196,645	2,461
Employee Benefits	49,175	49,175	47,453	1,722
Purchased Services-Professional	1,000	1,000	868	132
Purchased Services – Property	64,400	64,400	56,829	7,571
Purchased Services – Other	2,000	2,000	-	2,000
Supplies and Materials	37,000	37,000	26,409	10,591
Property	50,000	50,000	-	50,000
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>402,681</u>	<u>402,681</u>	<u>328,204</u>	<u>74,477</u>
<u>Central Support</u>				
Salaries	116,500	116,500	120,560	(4,060)
Employee Benefits	37,889	37,889	36,997	892
Purchased Services- Professional	6,000	6,000	9,274	(3,274)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	216,003	216,003	224,780	(8,777)
Supplies and Materials	168,696	168,696	171,260	(2,564)
Property	-	-	-	-
Other Objects	-	-	225	(225)
<u>Total Central Support</u>	<u>545,088</u>	<u>545,088</u>	<u>563,096</u>	<u>(18,008)</u>
<u>Other Support</u>				
Salaries	4,500	4,500	8,700	(4,200)
Employee Benefits	52,596	52,596	1,920	50,676
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	-	-	-	-
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Other Support</u>	<u>57,096</u>	<u>57,096</u>	<u>10,620</u>	<u>46,476</u>
<u>Total Supporting Services</u>	<u>4,414,900</u>	<u>4,414,900</u>	<u>4,319,926</u>	<u>94,974</u>
<u>Appropriated Reserves</u>	<u>1,060,019</u>	<u>1,060,019</u>	<u>-</u>	<u>1,060,019</u>
<u>TOTAL EXPENDITURES</u>	<u>11,688,324</u>	<u>11,688,324</u>	<u>10,166,230</u>	<u>1,522,094</u>

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

**STRASBURG SCHOOL DISTRICT 31J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(2,070,038)</u>	<u>(2,070,038)</u>	<u>571,884</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>(2,120,038)</u>	<u>(2,120,038)</u>	<u>571,884</u>	
<u>FUND BALANCE, July 1</u>	<u>2,120,038</u>	<u>2,120,038</u>	<u>4,458,094</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>5,029,978</u>	

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

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset)	0.0952%	0.0825%	0.0821%	0.0958%	0.0836%	0.0990%	0.1056%	0.1102%	-	-
District's proportionate share of the net pension liability (asset)	\$14,390,797	\$12,318,106	\$14,537,406	\$30,975,844	\$24,884,626	\$15,150,542	\$14,314,484	\$14,052,129	-	-
State's proportionate share of the net pension liability associated with the District**	-	\$1,562,390	\$1,987,783	-	-	-	-	-	-	-
District's covered payroll	\$4,781,541	\$4,843,726	\$4,513,454	\$4,418,500	\$4,477,714	\$4,426,714	\$4,424,541	\$4,441,295	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	300%	254%	322%	701%	556%	342%	324%	316%	-	-
Plan fiduciary net position as a percentage of the total pension liability	67%	65%	57%	44%	43%	59%	63%	64%	-	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 1,029,541	\$ 982,899	\$ 880,188	\$ 836,192	\$ 809,220	\$ 791,419	\$ 749,264	\$ 707,299	-	-
Contributions in relation to the contractually required contributions	<u>\$(1,029,541)</u>	<u>\$(982,899)</u>	<u>\$(880,188)</u>	<u>\$(836,192)</u>	<u>\$(809,220)</u>	<u>\$(791,419)</u>	<u>\$(749,264)</u>	<u>\$(707,299)</u>	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
District's covered payroll	\$5,178,778	\$5,067,324	\$4,601,035	\$4,435,220	\$4,399,925	\$4,462,335	\$4,438,370	\$4,426,180	-	-
Contributions as a percentage of covered payroll	19.88%	19.40%	19.13%	18.85%	18.39%	17.74%	16.88%	15.98%	-	-

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

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net OPEB liability (asset)	0.055%	0.0539%	0.0534%	0.0544%	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$523,097	\$605,493	\$726,056	\$605,493	-	-	-	-	-	-
District's covered payroll	\$4,781,541	\$4,843,726	\$4,513,454	\$4,418,500	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	11%	13%	16%	14%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	33%	24%	17%	18%	-	-	-	-	-	-

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

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 52,824	\$ 51,687	\$ 46,931	\$ 45,240	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(52,824)</u>	<u>\$(51,687)</u>	<u>\$(46,931)</u>	<u>\$(45,240)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered payroll	\$5,178,778	\$5,067,324	\$4,601,035	\$4,435,220	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Combining Balance Sheet – NonMajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – NonMajor Governmental Funds

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Capital Reserve Capital Projects Fund – This fund is used to account for the acquisition of sites, buildings, equipment, and vehicles.

Pupil Activities - This fund accounts for financial transactions of all schools in the District through individual school activity accounts.

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

MAJOR GOVERNMENTAL FUNDS

Building Fund

Building Fund – This fund is used to account for all resources available for acquiring capital sites, buildings, and equipment as specified by the related bond issue.

Bond Redemption Debt Service Fund

Bond Redemption Debt Service Fund – Use to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

STRASBURG SCHOOL DISTRICT 31J
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	<u>Capital Reserve Capital Projects</u>	<u>Pupil Activities</u>	<u>Food Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>				
Cash and Investments	297,700	162,042	126,086	585,828
Accounts Receivable	-	-	-	-
Grants Receivable	-	-	31,435	31,435
Due From Other Funds	-	-	-	-
Property Taxes Receivable	-	-	-	-
Inventories	-	-	13,991	13,991
<u>Total Assets</u>	<u>297,700</u>	<u>162,042</u>	<u>171,512</u>	<u>631,254</u>
<u>LIABILITIES & FUND BALANCES</u>				
Liabilities				
Accounts Payable	-	2,178	-	2,178
Accrued Salaries	-	-	26,549	26,549
Due To Other Funds	-	-	89,838	89,838
Unearned Revenue	-	-	17,695	17,695
<u>Total Liabilities</u>	<u>-</u>	<u>2,178</u>	<u>134,082</u>	<u>136,260</u>
Deferred Inflow of Resources				
Property Taxes	-	-	-	-
Fund Balances				
Nonspendable				
Inventories	-	-	13,991	13,991
Restricted				
Debt Service	-	-	-	-
Food Service	-	-	23,439	23,439
Committed				
Capital Outlay	297,700	-	-	297,700
Assigned				
Pupil Activities	-	159,864	-	159,864
Unassigned	-	-	-	-
<u>Total Fund Balances</u>	<u>297,700</u>	<u>159,864</u>	<u>37,430</u>	<u>494,994</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>				
	<u>297,700</u>	<u>162,042</u>	<u>171,512</u>	<u>631,254</u>

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

STRASBURG SCHOOL DISTRICT 31J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>Capital Reserve Capital Projects</u>	<u>Pupil Activities</u>	<u>Food Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUES</u>				
Earnings on Investments	407	-	6	413
Other Local Sources	342,825	108,773	15,421	467,019
State Aid	-	-	3,185	3,185
Federal Aid	-	-	353,724	353,724
<u>Total Revenues</u>	<u>343,232</u>	<u>108,773</u>	<u>372,336</u>	<u>824,341</u>
<u>EXPENDITURES</u>				
Supporting Services:				
Students	-	107,846	-	107,846
Food Service	-	-	398,025	398,025
Capital Outlay	137,542	-	-	137,542
<u>Total Expenditures</u>	<u>137,542</u>	<u>107,846</u>	<u>398,025</u>	<u>643,413</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>205,690</u>	<u>927</u>	<u>(25,689)</u>	<u>180,928</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	92,010	-	-	92,010
<u>Total Other Financing Sources (Uses)</u>	<u>92,010</u>	<u>-</u>	<u>-</u>	<u>92,010</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>297,700</u>	<u>927</u>	<u>(25,689)</u>	<u>272,938</u>
<u>FUND BALANCES – Beginning</u>	<u>-</u>	<u>158,937</u>	<u>63,119</u>	<u>222,056</u>
<u>FUND BALANCES – Ending</u>	<u>297,700</u>	<u>159,864</u>	<u>37,430</u>	<u>494,994</u>

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

STRASBURG SCHOOL DISTRICT 31J
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	-	407	407
Grant Revenue	-	-	-
Other Local	438,728	342,825	(95,903)
<u>Total Revenues</u>	<u>438,728</u>	<u>343,232</u>	<u>(95,496)</u>
<u>EXPENDITURES</u>			
Land and Land Sites	-	-	-
Building & Improvements	-	-	-
Equipment	-	-	-
Vehicles	438,728	137,482	301,246
Other	-	60	(60)
Debt Service:	-	-	-
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Contingency Reserves	-	-	-
<u>Total Expenditures</u>	<u>438,728</u>	<u>137,542</u>	<u>301,186</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	205,690	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	92,010	92,010
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>92,010</u>	<u>92,010</u>
<u>NET CHANGE IN FUND BALANCES</u>	-	297,700	
<u>FUND BALANCE, Beginning</u>	<u>-</u>	<u>-</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>297,700</u>	

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

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PUPIL ACTIVITY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
Local Sources	225,000	108,773	(116,227)
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Revenues</u>	<u>225,000</u>	<u>108,773</u>	<u>(116,227)</u>
<u>EXPENDITURES:</u>			
Students Activities	<u>225,000</u>	<u>107,846</u>	<u>117,154</u>
<u>Total Expenditures</u>	<u>225,000</u>	<u>107,846</u>	<u>117,154</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>-</u>	<u>927</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>-</u>	<u>927</u>	
<u>FUND BALANCES, Beginning</u>	<u>-</u>	<u>158,937</u>	
<u>FUND BALANCES, Ending</u>	<u>-</u>	<u>159,864</u>	

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

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	154,500	13,324	(141,176)
Earnings on Investments	60,000	6	(59,994)
Other	600	2,097	1,497
<u>State Sources</u>			
School Lunches	6,556	3,185	(3,371)
<u>Federal Sources</u>			
School Lunches	138,600	329,520	190,920
Commodities	2,500	24,204	21,704
<u>Total Revenues</u>	<u>362,756</u>	<u>372,336</u>	<u>9,580</u>
<u>EXPENDITURES</u>			
Salaries	294,380	149,560	144,820
Employee Benefits	68,625	35,490	33,135
Purchased Services – Professional	1,000	129	871
Purchased Services – Property	9,000	2,900	6,100
Purchased Services - Other	-	-	-
Supplies and Materials	357,803	185,742	172,061
Capital Outlay	-	-	-
Other	-	-	-
Commodities	-	24,204	(24,204)
<u>Total Expenditures</u>	<u>730,808</u>	<u>398,025</u>	<u>332,783</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(368,052)	(25,689)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>31,249</u>	-	<u>(31,249)</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(336,803)	(25,689)	
<u>FUND BALANCE, Beginning</u>	<u>336,803</u>	<u>63,119</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>37,430</u>	

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

STRASBURG SCHOOL DISTRICT 31J
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MAJOR BUILDING FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	110	6,521	6,411
Other Local	29,890	-	(29,890)
Grant Revenue	-	164,827	164,827
<u>Total Revenues</u>	<u>30,000</u>	<u>171,348</u>	<u>141,348</u>
<u>EXPENDITURES</u>			
Land and Land Sites	-	-	-
Building & Improvements	110,000	1,001,429	(891,429)
Equipment	-	-	-
Vehicles	-	-	-
Other	-	-	-
Contingency Reserves	24,738,566	-	24,738,566
<u>Total Expenditures</u>	<u>24,848,566</u>	<u>1,001,429</u>	<u>23,847,137</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(24,818,566)	(830,081)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	(92,010)	(92,010)
Proceeds From Debt	24,818,566	19,800,000	(5,018,566)
Premium on Bonds	-	5,265,515	5,265,515
Issue Costs	-	(210,610)	(210,610)
<u>Total Other Financing Sources (Uses)</u>	<u>24,818,566</u>	<u>24,762,895</u>	<u>(55,671)</u>
<u>NET CHANGE IN FUND BALANCES</u>	-	23,932,814	
<u>FUND BALANCE, July 1</u>	<u>-</u>	<u>92,010</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>24,024,824</u>	

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

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
BOND REDEMPTION FUND
MAJOR DEBT SERVICE FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Property Taxes	815,225	1,781,298	966,073
Earnings on Investments	-	15,938	15,938
Other Local	-	1,170	1,170
<u>Total Revenues</u>	<u>815,225</u>	<u>1,798,406</u>	<u>983,181</u>
<u>EXPENDITURES:</u>			
Debt Service:			
Principal Retirement	1,400,000	700,000	700,000
Interest and Fiscal Charges	230,450	414,114	(183,664)
Other	-	-	-
Contingency	-	-	-
<u>Total Expenditures</u>	<u>1,630,450</u>	<u>1,114,114</u>	<u>516,336</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(815,225)</u>	<u>684,292</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(815,225)</u>	<u>684,292</u>	
<u>FUND BALANCES, July 1</u>	<u>815,225</u>	<u>1,564,191</u>	
<u>FUND BALANCES, June 30</u>	<u>-</u>	<u>2,248,483</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 0060 - Strasburg 31J
 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	4,458,095	10,736,114	10,166,230	5,029,979
10 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	4,458,095	10,736,114	10,166,230	5,029,979
11 Charter School Fund	0	0	0	0
20-26-29 Special Revenue Fund	0	0	0	0
66 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
67 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	63,118	372,335	398,025	37,429
22 Govt Designated Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	158,937	105,773	107,847	159,854
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,564,191	1,798,456	1,114,114	2,248,483
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	92,010	25,144,852	1,212,039	24,024,824
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	435,242	137,542	297,700
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	6,356,333	28,997,723	11,150,957	11,794,378
Proprietary				
50 Other Enterprise Funds	0	0	0	0
54 (63) Risk-Retained 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-Permanant Fund	0	0	0	0
65 Foundations	0	0	0	0
Totals	0	0	0	0



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0060 - Strasburg 31J
 Fiscal Year 2020-21
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary				
	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	5,501,176	0	0	162,042	0	0	126,086	2,485,261	24,257,599	0	0	0	0	0	0	32,532,163
Cash with Fiscal Agent (8105)	96,089	0	0	0	0	0	0	49,911	0	0	0	0	0	0	0	145,999
Taxes Receivable (8121,8122)	164,300	0	0	0	0	0	0	77,100	0	0	0	0	0	0	0	241,400
Interfund Loans Receivable (8131,8132)	159,545	0	0	0	0	0	0	0	298,889	0	0	0	0	0	0	458,434
Intergovernmental Accounts Rec (8141)	19,361	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19,361
Grants Accounts Receivable (8142)	7,249	0	0	0	0	0	31,435	0	71,032	0	0	0	0	0	0	109,716
Other Receivables (8151-8154,8161)	9,366	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,366
Inventories (8171,8172,8173)	0	0	0	0	0	0	13,992	0	0	0	0	0	0	0	0	13,992
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	5,957,086	0	0	162,042	0	0	171,512	2,612,272	24,627,520	0	0	0	0	0	0	33,530,431

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY

LIABILITIES

	General Funds 10.12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401-7402)	0	0	0	0	0	0	89,838	298,889	69,707	0	0	0	0	0	0	458,434
Other Payables (7421-7423)	39,229	0	0	2,178	0	0	0	0	235,289	0	0	0	0	0	0	276,697
Accrued Expenses (7461)	707,969	0	0	0	0	0	26,549	0	0	0	0	0	0	0	0	734,519
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	17,695	0	0	0	0	0	0	0	0	17,695
Grants Deferred Revenue (7482)	40,799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40,799
Deferred Inflow (7800)	139,110	0	0	0	0	0	0	64,900	0	0	0	0	0	0	0	204,010
Total Liabilities	927,107	0	0	2,178	0	0	134,082	363,789	304,597	0	0	0	0	0	0	1,732,153

Governmental

Proprietary

Fiduciary

FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	13,992	0	0	0	0	0	0	0	0	13,992
Restricted Fund Balance 6720	0	0	0	0	0	0	23,438	2,248,483	24,024,824	0	0	0	0	0	0	26,296,744
TABOR 3% Emergency Reserve 6721	324,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	324,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	297,700	0	0	0	0	0	0	297,700
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	159,864
Unassigned Fund Balance 6770	4,705,979	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,705,979
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	5,029,979	0	0	0	0	0	37,429	2,248,483	24,322,523	0	0	0	0	0	0	31,798,278

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
General Funds 10,12-18	5,957,086	0	0	162,042	0	0	171,512	2,612,272	24,627,520	0	0	0	0	0	0	33,530,431
Total Liabilities & Fund Equity	5,957,086	0	0	162,042	0	0	171,512	2,612,272	24,627,520	0	0	0	0	0	0	33,530,431

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
General Funds 10,12-18	5,957,086	0	0	162,042	0	0	171,512	2,612,272	24,627,520	0	0	0	0	0	0
Charter School Fund 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preschool Fund 19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Revenue Funds 20, 22-29	0	0	0	162,042	0	0	171,512	0	0	0	0	0	0	0	0
Supplemental Cap Const Fund 06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve Fund 07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Food Service Special Revenue Fund 21	0	0	0	0	0	0	171,512	0	0	0	0	0	0	0	0
Debt Service Funds 30-39	0	0	0	0	0	0	0	2,612,272	0	0	0	0	0	0	0
Capital Projects Funds 40-45, 47-49	0	0	0	0	0	0	0	0	24,627,520	0	0	0	0	0	0
Supplemental Cap Const Fund 46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Enterprise Funds 50, 52-59	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related Activity Funds 63-64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Service Funds 60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trust & Agency Funds 70-79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foundations Fund 85	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

For Each Fund Type:
Do Assets=Liability+Fund Equity

SINGLE AUDIT SECTION

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

**Board of Education
Strasburg School District 31J
Strasburg, Colorado 80135**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Strasburg School District 31J as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Strasburg School District 31J's basic financial statements, and have issued our report thereon dated November 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Strasburg School District 31J's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Strasburg School District 31J's internal control. Accordingly, we do not express an opinion on the effectiveness of the Strasburg School District 31J's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Strasburg School District 31J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Seifon, Waller & Co., Inc.

November 22, 2021

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

**Board of Education
Strasburg School District 31J
Strasburg, Colorado 80135**

Report on Compliance for Each Major Federal Program

We have audited Strasburg School District 31J's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Strasburg School District 31J's major federal programs for the year ended June 30, 2021. Strasburg School District 31J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Strasburg School District 31J's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Strasburg School District 31J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Strasburg School District 31J's compliance.

Opinion on Each Major Federal Program

In our opinion, Strasburg School District 31J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Strasburg School District 31J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Strasburg School District 31J's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Strasburg School District 31J's internal control over compliance.

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

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

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


November 22, 2021

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Strasburg School District 31J.

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Strasburg School District 31J were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified report has been issued on Strasburg School District 31J compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Corona Virus Relief Fund

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The District does not qualify as a low-risk auditee for fiscal year 2020/2021.

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

STRASBURG SCHOOL DISTRICT 31J
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

None

STRASBURG SCHOOL DISTRICT 31J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor</i>	<i>State Code</i>	<i>Provided to Subrecipient</i>	<i>Federal Expenditures</i>
<u><i>Child Nutrition Cluster-Cluster</i></u>					
<u><i>United States Department of Agriculture School Breakfast Program</i></u>					
School Breakfast Program - CARES CRF	10.553	Colorado Department of Education	4553	-	542
<u>Total School Breakfast Program</u>				-	542
<u><i>National School Lunch Program</i></u>					
National School Lunch Program CARES - CRF	10.555	Colorado Department of Education	4555	-	5,682
<u>Total National School Lunch Program</u>				-	5,682
<u><i>Special Milk Program for Children</i></u>					
Special Milk Program for Children CARES - CRF	10.556	Colorado Department of Education	4556	-	64
<u>Total Special Milk Program for Children</u>				-	64
<u><i>Summer Food Service Program for Children</i></u>					
National School Lunch Program	10.559	Colorado Department of Human Services	4559	-	24,204
Summer Food Service Program for Children CARES CRF	10.559	Colorado Department of Education	4559	-	33,465
Summer Food Service Program for Children	10.559	Colorado Department of Education	4559	-	289,766
<u>Total Summer Food Service Program for Children</u>				-	347,435
<u><i>Total United States Department of Agriculture</i></u>					
<u><i>Total Child Nutrition Cluster-Cluster</i></u>					
<u><i>Other Programs</i></u>					
<u><i>Department of Education</i></u>					
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act	84.425	Colorado Department of Education	4425	-	38,317
<u>Total Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act</u>				-	38,317
<u><i>Total Department of Education</i></u>					
<u><i>Department of the Treasury</i></u>					
<u><i>Coronavirus Relief Fund</i></u>					
Coronavirus Relief Fund	21.019	Colorado Department of Education	4012	-	573,966
Coronavirus Relief Fund	21.019	Colorado Department of Education	5012	-	19,360
<u>Total Coronavirus Relief Fund</u>				-	593,326
<u><i>Total Department of the Treasury</i></u>					
<u><i>Total Other Programs</i></u>					
<u><i>Total Expenditures of Federal Awards</i></u>					
				-	985,366

The accompanying notes are an integral part of this schedule

STRASBURG SCHOOL DISTRICT 31J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

NOTE 1 **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Strasburg School District 31J and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 **INDIRECT COST RATES**

All grants being charged indirect cost have been received through the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The District has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 3 **Food Distribution**

Non-monetary assistance is reported in the schedule at the fair market value of commodities received.

NOTE 4 **SUBRECIPIENT PAYMENTS**

No amounts of federal financial assistance were passed through to subrecipients in the year ended June 30, 2021.