

Platte Valley School District RE-7
Kersey, Colorado

Financial Statements

For the Year Ended June 30, 2018

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October 25, 2018

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Independent Auditors' Report

Board of Education
Platte Valley School District RE-7
Kersey, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note P to the financial statements, in 2018 the District adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

Other Information

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

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 8, 2018

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

This section of the Platte Valley School District, Weld Re-7 annual financial report provides readers with the District's financial statements, financial performance, and the discussion and analysis during the fiscal year which ended June 30, 2018.

We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in 2018 are as follows:

- Among the major funds, the General Fund had \$12,940,096 in revenues and other financing, and \$12,797,683 in expenditures. Transfers of \$48,137 and \$746,000 were made from General Fund to Food Services and Capital Projects Funds respectively. Total revenues exceeded expenses by \$142,412 increasing the General Fund balance from \$4,400,072 to \$4,542,484.
- General Fund revenues accounted for \$12,940,096 in revenue or 72.87% of all governmental funds revenues. Debt reduction revenues totaled \$3,364,651 or 18.95%, and other revenues in the form of charges for services, interest, grants and contributions accounted for \$1,452,195 or 8.18% of the total governmental funds revenues of \$17,756,942.
- The Governmental Accounting Standards Board (GASB) established new financial reporting requirements for governments through GASB Rule 68, which became effective for the reporting year 2015. Among other requirements, the District is required to report its proportionate share of the total Public Employees' Retirement Association (PERA) net pension liability (NPL) in our government-wide financial statements. The District's share of the PERA NPL as of June 30, 2018 was \$51,477,544 and \$1,175,478 for the District's reported share for PERA other post-employment benefit plan (OPEB)
- The District incurred \$25,032,645 in expenses related to governmental activities. Instructional expenditures totaled \$13,780,918 (55%).
- Governmental activities assets and deferred outflows of resources totaled \$62,237,525 in cash, investments and other assets. Liabilities and deferred inflows of resources for governmental activities totaled \$76,945,837.
- The District's total net position decreased by \$7,284,276 as a result of spending from the 2014 bond initiative and PERA NPL reporting.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Statements

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

The district-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources) are one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

In the district-wide financial statements, the District's activities include:

- **Governmental activities-** Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

Fund Financial Statements

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

The District uses three types of funds:

- **Governmental funds-** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Fiduciary funds-** The District is the agent, or fiduciary, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018

Condensed Statement of Net Position

Table 1 provides a summary of the Total School District's net position for 2018 compared to 2017:

Table 1

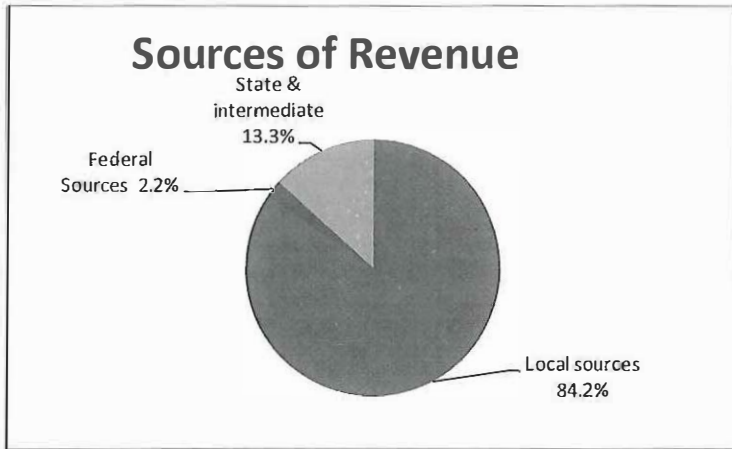
	Activities 2018	Activities 2017
Assets		
Current assets	16,875,900	17,022,538
Capital assets	29,071,464	29,292,278
Total assets	45,947,364	46,314,816
Deferred outflows of resources	16,290,161	19,196,395
Total assets and charges	62,237,525	65,511,211
Liabilities		
Current liabilities	1,569,826	4,096,385
* Long term liabilities	71,431,732	66,996,499
Total Liabilities	73,001,558	71,092,884
Deferred inflows of resources	3,944,279	688,628
Net Position		
Invested in capital	10,531,106	7,985,807
Reserve for:		
Labor Emergency	340,000	298,000
Capital Projects	2,789,824	3,933,595
Multi Year Obg.	390,449	380,368
C/P	-	-
Food Service Program	867	-
Land Dedication	-	141,808
Debt Service	6,677,912	6,608,599
*Unrestricted	(35,438,470)	(25,618,478)
Total net position	(14,708,312)	(6,270,301)
Total liabilities, deferred inflows and net position	62,237,525	65,511,211

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018

District Sources of Revenue for Fiscal Year 2018 (Total Government Funds)

Local sources, including property taxes for operating purposes and debt reduction accounted for most of the District's total revenue at \$17,756,942 or 84.2% (see table 2). State and intermediate sources accounted for 13.3% (\$2,352,905) with federal sources totaling \$394,872 or 2.2%.

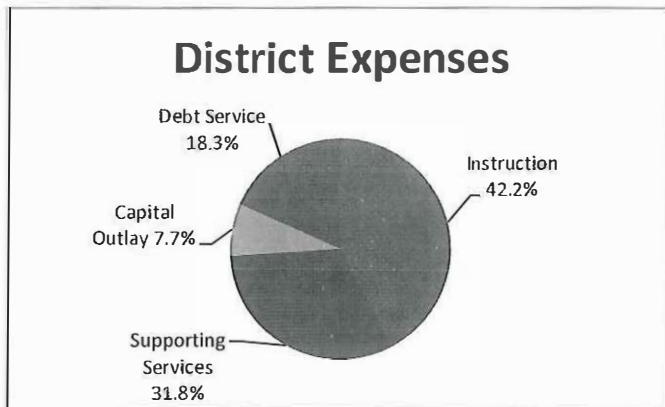
Table 2



District Expenses for Fiscal Year 2018 (Total Government Funds)

The District's expenses are predominately related to instruction (\$7,614,697) and supporting services (\$5,754,744) at a combined total of 74.0% (See Table 3). The district incurred 18.3% for debt reduction (\$2,685,000 principal and \$610,338 in interest and fiscal charges) and 7.7% for capital expenditures (\$1,395,254).

Table 3



Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,704.21 per funded student. In fiscal year 2017-2018 the funded pupil count was 1,121.8. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 14.6% of this funding from state equalization while the remaining amounts come from property and specific ownership taxes. The School District's assessed valuation generated \$9,009,962 and \$3,287,158 in property taxes for general purposes and debt service, respectively, for fiscal year 2017-2018.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 4 shows, for governmental activities, the total cost of services (before offsetting grants and other contributions).

Government Activities
Table 4

	FY 2018	FY 2017
Program revenues		
Charges for services	213,376	188,589
Operating grants & contributions	1,039,679	1,115,535
Capital grants & contributions	60,000	0
General revenues		
Property taxes	13,253,824	13,364,859
State equalization	1,702,858	2,293,844
Other	1,478,632	525,484
Total revenues	17,748,369	17,488,311
Instruction	13,780,918	12,496,938
Pupil and instructional services	1,231,034	1,165,946
Administration and business	3,265,495	2,981,508
Maintenance and operations	2,436,408	2,379,658
Transportation	1,168,497	1,179,695
Other	3,150,293	3,163,421
Total expenses	25,032,645	23,367,166
Change in net position	-\$7,284,276	-\$5,878,855

- The net program expense of all governmental activities during the year was \$23,719,590.
- Federal and state government subsidized certain programs with grants and contributions totaled \$1,039,679.
- The portion of governmental activities financed with state equalization from the School Finance Act of 1994 (SFA) was \$1,702,858 and \$12,305,158 (\$3,292,500 levied for debt reduction) in property taxes.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$17,756,942 and expenditures and other financing of \$18,060,033. Detailed information about the District's major funds starts on page 73.

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Platte Valley School District continued capital improvements during the 2017-2018 school year, many as a result of the successful bond initiative that was passed in November, 2014. Completed projects included the addition of two new buses, flooring improvements, and completing emergency personnel communications systems.

The District's capital debt includes the general obligation bond (see Note G – Long term debt). The district incurred additional bond debt of \$16,525,000 due to a successful election in November of 2014. The 2010 GO Bond issue was refunded in September 2016, reducing the district's long-term debt by \$2,875,000. Bond payments for the fiscal year included principal payments of \$2,685,000 on the bond indebtedness, resulting in a balance due \$17,780,000 at June 30, 2018. Table 5 shows capital assets, net of accumulated depreciation for fiscal year 2018.

Capital Assets at June 30, 2018
Table 5

	2018
Land	\$48,100
Water Rights	259,622
Buildings	27,155,433
Transportation Equipment	645,358
Equipment	962,951
Total	\$29,071,464

Additional information on the District's capital assets can be found in Note E of this report.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018

Long-term Debt
Table 6

At year-end, the School District's long-term debt of \$71,431,732 consisted of the following:

Compensated Absences	\$56,421
Net ●PEB Liability	\$1,175,478
Net Pension Liability	51,477,544
Bonds Payable	17,780,000
Bond Premium	942,289
Total	\$71,431,732

Additional information on the District's long-term debt can be found in Note G of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

For the 2018 fiscal year, the general fund balance increased \$142,412 resulting in a fund balance of \$4,542,484. The fund balance was increased due to diligent financial management.

The District's assessed value increased by \$166,896,140 (from \$990,222,870 to \$1,157,119,010). The District's general fund mill levy of 5.624 mills remained constant in 2018. The mill levy for the voter approved override decreased by .363 mills from 2.516 mills in 2017 to 2.153 in 2018. The decrease is due to the increase in assessed value.

Student enrollment at Weld County RE-7 decreased by 14 students to a total pupil count (FTE) of 1123 compared to 1109 in the 2016-2017 school year. The Funded Pupil Count (FPC) for 2017-2018 was calculated at 1121.8, a decrease of 4.9 from the previous year. The Per Pupil Funding for fiscal year 2018 was \$7,704, an increase of \$194 per pupil.

Specific Ownership Revenues generated from bond indebtedness have been included in the General Fund. The property tax revenue in the Bond Redemption Fund is more than sufficient to make the scheduled debt service payments.

Salaries were allocated according to the salary agreement with PVEA.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration Office, Weld County School District RE-7, PO Box 485, 501 Clark Street, Kersey, Colorado 80644.

Jeremy Burmeister, Ed. D.
 Business Services Director
 Platte Valley School District

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash	\$ 7,203,242
Cash with fiscal agent	82,154
Investments	9,410,964
Receivables	142,948
Due from fiduciary fund	500
Inventory	36,092
Capital assets, net of depreciation	<u>29,071,464</u>
Total assets	45,947,364
Deferred outflows of resources	
Pension and other post-employment benefit deferrals	16,108,230
Deferred charges on refundings of bonds	<u>181,931</u>
Total deferred outflows of resources	<u>16,290,161</u>
Total assets and deferred outflows of resources	<u>\$ 62,237,525</u>
Liabilities	
Accounts payable	\$ 57,899
Accrued salaries and benefits	1,371,965
Payroll tax withholdings	78,734
Unearned revenue	13,801
Accrued interest	47,427
Noncurrent liabilities	
Due within one year	2,695,000
Due in more than one year	<u>68,736,732</u>
Total liabilities	73,001,558
Deferred inflows of resources	
Pension and other post-employment benefit deferrals	3,944,279
Net position (deficit)	
Net investment in capital assets	10,531,106
Restricted for:	
Emergencies	340,000
Multi-year obligations	390,449
Capital projects	2,789,824
Debt service	6,677,912
Food service	867
Unrestricted (deficit)	<u>(35,438,470)</u>
Total net position (deficit)	<u>(14,708,312)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 62,237,525</u>

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

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Activities
For the Year Ended June 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 13,780,918	\$ 60,811	\$ 594,912	
Supporting services				
Students	709,805		3,874	
Instructional staff	521,229		24,965	
General administration	680,685			
School administration	2,023,334			
Business services	561,476			
Operations and maintenance	2,436,408			
Student transportation	1,168,497		148,607	\$ 60,000
Central support services	1,164,173			
Food service operations	472,326	152,565	267,321	
Facilities acquisition	39,679			
Unallocated depreciation *	951,475			
Interest and fiscal charges	522,640			
Total governmental activities	<u>\$ 25,032,645</u>	<u>\$ 213,376</u>	<u>\$ 1,039,679</u>	<u>\$ 60,000</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Specific ownership taxes

Delinquent taxes, interest and abatements

State categorical aid

Earnings on investments

Other

Total general revenues

Change in net position

Net position (deficit) at beginning of year, as previously reported

Prior period adjustment

Net position (deficit) at beginning of year, as restated

Net position (deficit) at end of year

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

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (13,125,195)

(705,931)

(496,264)

(680,685)

(2,023,334)

(561,476)

(2,436,408)

(959,890)

(1,164,173)

(52,440)

(39,679)

(951,475)

(522,640)

(23,719,590)

9,009,962

3,287,158

951,343

5,361

1,702,858

169,739

1,308,893

16,435,314

(7,284,276)

(6,270,301)

(1,153,735)

(7,424,036)

\$ (14,708,312)

PLATTE VALLEY SCHOOL DISTRICT RE-7
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Building Fund	Capital Reserve Capital Projects Fund	Bond Redemption Fund
Assets				
Cash	\$ 278,710	\$ 222,579		\$ 6,668,737
Cash with fiscal agent	80,088			2,066
Investments	5,317,287	1,869,598	\$ 2,224,079	
Property taxes receivable	30,666			11,195
Due from other funds	233,859	755,546		
Grants receivable				
Other receivables	52,251			
Inventory	19,540			
Total assets	\$ 6,012,401	\$ 2,847,723	\$ 2,224,079	\$ 6,681,998
Liabilities				
Accounts payable		\$ 57,899		
Due to other funds	\$ 5,546		\$ 917,284	
Accrued salaries and benefits	1,371,965			
Payroll tax withholdings	78,734			
Unearned revenue				
Unearned grant revenue				
Total liabilities	1,456,245	57,899	917,284	\$ -
Deferred inflows of resources				
Deferred property tax revenues	13,672			4,086
Fund balance				
Nonspendable inventory	19,540			
Restricted for emergencies	340,000			
Restricted for multi-year obligation	390,449			
Restricted for capital projects		2,789,824		
Restricted for debt service				6,677,912
Restricted to food service				
Committed to capital projects			1,306,795	
Assigned for employee benefits	45,444			
Assigned for sale of building	37,138			
Assigned to youth help				
Unassigned	3,709,913			
Total fund balance	4,542,484	2,789,824	1,306,795	6,677,912
Total liabilities, deferred inflows of resources and fund balance	\$ 6,012,401	\$ 2,847,723	\$ 2,224,079	\$ 6,681,998

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

Other Governmental Funds	Total Governmental Funds			
\$ 33,216	\$ 7,203,242	Amounts reported for governmental activities in the statement of net position are different because:		
	82,154			
	9,410,964		Total fund balance - governmental funds	\$ 15,335,743
	41,861		Capital assets, net used in governmental activities are not financial resources and not financial resources and therefore are not reported as assets in governmental funds.	29,071,464
500	989,905		Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	17,758
48,836	48,836		Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(47,427)
	52,251		Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	16,290,161
16,552	36,092		Long-term liabilities, including bonds payable, net pension and OPEB liabilities, compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(71,431,732)
<u>\$ 99,104</u>	<u>\$ 17,865,305</u>		Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	(3,944,279)
			Net position of the governmental activities	<u>\$ (14,708,312)</u>
	\$ 57,899			
\$ 66,575	989,405			
	1,371,965			
	78,734			
1,222	1,222			
<u>12,579</u>	<u>12,579</u>			
80,376	2,511,804			
	17,758			
16,552	36,092			
	340,000			
	390,449			
	2,789,824			
	6,677,912			
867	867			
	1,306,795			
	45,444			
	37,138			
1,309	1,309			
	<u>3,709,913</u>			
<u>18,728</u>	<u>15,335,743</u>			
<u>\$ 99,104</u>	<u>\$ 17,865,305</u>			

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Building Fund	Capital Reserve Capital Projects Projects Fund	Bond Redemption Fund
Revenues				
Local sources	\$ 11,370,363	\$ 108,306	\$ 13,280	\$ 3,364,651
Intermediate sources	5,240			
State sources	2,340,420			
Federal sources	18,210			
Total revenues	13,734,233	108,306	13,280	3,364,651
Expenditures				
Instruction	7,530,485			
Supporting services	5,267,199			
Capital outlay		1,252,077	143,177	
Debt service				
Principal retirement				2,685,000
Interest and fiscal charges				610,338
Total expenditures	12,797,684	1,252,077	143,177	3,295,338
Excess of revenues over (under) expenditures	936,549	(1,143,771)	(129,897)	69,313
Other financing sources (uses)				
Transfers in			746,000	
Transfers out	(794,137)			
Total other financing sources (uses)	(794,137)	-	746,000	-
Net change in fund balances	142,412	(1,143,771)	616,103	69,313
Fund balance at beginning of year	4,400,072	3,933,595	690,692	6,608,599
Fund balance at end of year	<u>\$ 4,542,484</u>	<u>\$ 2,789,824</u>	<u>\$ 1,306,795</u>	<u>\$ 6,677,912</u>

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

Other Governmental Funds	Total Governmental Funds	
		Amounts reported for governmental activities in the statement of activities are different because:
		Net change in fund balances - governmental funds
\$ 152,565	\$ 15,009,165	\$ (303,091)
	5,240	
7,245	2,347,665	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.
376,662	394,872	(220,814)
536,472	17,756,942	
		Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.
84,212	7,614,697	(8,573)
487,545	5,754,744	
	1,395,254	
	2,685,000	
	610,338	
571,757	18,060,033	
(35,285)	(303,091)	
		In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences, interest, and other charges are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).
48,137	794,137	(9,436,798)
	(794,137)	
48,137	-	
12,852	(303,091)	
5,876	15,638,834	
\$ 18,728	\$ 15,335,743	Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term-debt liability in the statement of net position.
		2,685,000
		Change in net position of governmental activities
		<u>\$ (7,284,276)</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
Assets	
Cash	\$ 319,917
Total assets	<u>\$ 319,917</u>
Liabilities	
Due to other funds	\$ 500
Due to student groups	<u>319,417</u>
Total liabilities	<u>\$ 319,917</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Platte Valley School District RE-7's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

A.1 – Reporting entity

The Platte Valley School District RE-7 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

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

A.2 – Fund accounting

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Expenditures include all costs associated with the daily operation of the schools, except for certain programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations and pupil activities.

Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following are the District's nonmajor governmental funds:

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

Governmental Designated Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District has one agency fund, the Pupil Activity Fund.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose trust and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

General Fund – Inventories consist of general classroom and janitorial supply items and are stated at cost as determined by the first-in, first-out method.

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

A.8 – Capital assets

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

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

Interest is capitalized on assets reported in the governmental activities that are acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized in the current period.

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

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	0-20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years
Licensed vehicles	5-10 years

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts, and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 listed below.

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

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

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Net Position

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

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

A.13 – Interfund transactions

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

A.14 – Extraordinary and special items

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

Note B – Cash and investments

Cash and deposits

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,058,268, of which \$250,721 was insured and \$807,547 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

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

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2018, the District had invested \$9,410,964 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

As of June 30, 2018, the District had invested in COLOTRUST PLUS+.

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Investment in Colostrust	\$ 9,410,964	\$ 9,410,964	\$ -	\$ -

The investments in Colostrust are maintained in the General, Building, and Capital Reserve Capital Projects funds.

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

The following table provides a reconciliation of cash, cash with fiscal agent, and investments on the statement of net position:

Cash	\$ 7,523,159
Cash with fiscal agent	82,154
Investments	<u>9,410,964</u>
Total	<u>\$ 17,016,277</u>

Statement of net position

Cash	\$ 7,203,242
Cash with fiscal agent	82,154
Investments	<u>9,410,964</u>
Subtotal	16,696,360

Statement of fiduciary net position

Cash	<u>319,917</u>
Total	<u>\$ 17,016,277</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 41,861
Grants receivable	48,836
Other receivables	<u>52,251</u>
Total	<u>\$ 142,948</u>

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

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General Fund	\$ 233,859	\$ 5,546
Building Fund	755,546	-
Capital Reserve Capital Projects Fund	-	917,284
Other Governmental Funds	<u>500</u>	<u>66,575</u>
Subtotal	989,905	989,405
<u>Fiduciary funds</u>		
Pupil Activity Fund	<u>-</u>	<u>500</u>
Total	<u>\$ 989,905</u>	<u>\$ 989,905</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note D – Interfund transactions (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 794,137
Capital reserve capital projects fund	746,000	-
Other governmental funds	<u>48,137</u>	<u>-</u>
Total	<u>\$ 794,137</u>	<u>\$ 794,137</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred \$48,137 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations. The District also transferred funds in the amount of \$746,000 from the General Fund to the Capital Reserve Capital Projects Fund in order to set aside funds for capital acquisitions.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 48,100	\$ -	\$ -	\$ 48,100
Water rights	<u>106,189</u>	<u>153,433</u>	<u>-</u>	<u>259,622</u>
Total capital assets, not being depreciated	154,289	153,433	-	307,722
Capital assets, being depreciated:				
Buildings and improvements	39,690,370	533,393	-	40,223,763
Furniture and equipment	2,122,719	143,186	-	2,265,905
Licensed vehicles	<u>2,216,137</u>	<u>226,698</u>	<u>-</u>	<u>2,442,835</u>
Total capital assets, being depreciated	<u>44,029,226</u>	<u>903,277</u>	<u>-</u>	<u>44,932,503</u>
Total capital assets	44,183,515	1,056,710	-	45,240,225

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,116,855)	(951,475)	-	(13,068,330)
Furniture and equipment	(1,096,158)	(206,796)	-	(1,302,954)
Licensed vehicles	<u>(1,678,224)</u>	<u>(119,253)</u>	<u>-</u>	<u>(1,797,477)</u>
Total accumulated depreciation	<u>(14,891,237)</u>	<u>(1,277,524)</u>	<u>-</u>	<u>(16,168,761)</u>
Governmental activities capital assets, net	<u>\$ 29,292,278</u>	<u>\$ (220,814)</u>	<u>\$ -</u>	<u>\$ 29,071,464</u>

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

Governmental activities

Instruction	\$ 25,116
School administration	3,425
Business services	12,665
Operations and maintenance	46,027
Student transportation	136,255
Central support	85,406
Food services	17,155
Unallocated	<u>951,475</u>
Total depreciation expense	<u>\$ 1,277,524</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$1,371,965. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 40,632	\$ 15,789	\$ -	\$ 56,421	\$ -
Net pension liability	48,110,414	3,367,130	-	51,477,544	-
Net OPEB liability	1,190,823	-	(15,345)	1,175,478	-
Bonds payable	20,465,000	-	(2,685,000)	17,780,000	2,695,000
Bond premium	<u>1,065,453</u>	<u>-</u>	<u>(123,164)</u>	<u>942,289</u>	<u>-</u>
Total	<u>\$ 70,872,322</u>	<u>\$ 3,382,919</u>	<u>\$ (2,823,509)</u>	<u>\$ 71,431,732</u>	<u>\$ 2,695,000</u>

Payments on the bonds payable are made in the Bond Redemption Fund, while the net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund. Compensated absences will be liquidated by the General Fund and Food Service Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$7,700,000 general obligation bonds, dated January 20, 2010, due in annual installments beginning in fiscal year 2011 ranging from \$550,000 to \$770,000; varying annual interest rates ranging from 2.00% to 5.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. The District issued \$3,200,000 in general obligation refunding bonds (see on following page) on September 20, 2016, to advance refund bonds maturing on December 1, 2020 through December 1, 2024.

\$ 1,250,000

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt (Continued)

\$2,390,000 general obligation refunding bonds, dated May 8, 2013, due in annual installments beginning in fiscal year 2014 ranging from \$70,000 to \$470,000; fixed annual interest rate at 2.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. 1,375,000

\$16,525,000 general obligation bonds, dated January 28, 2015, due in annual installments beginning in fiscal year 2018 ranging from \$1,460,000 to \$1,910,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. 12,055,000

\$3,200,000 general obligation refunding bonds, dated September 20, 2016, due in annual installments ranging from \$50,000 to \$655,000; annual interest rate of 2.00%, payable semi-annually on December 1st and June 1st. 3,100,000

Total general obligation bonds \$ 17,780,000

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,695,000	\$ 528,000	\$ 3,223,000
2020	2,735,000	442,250	3,177,250
2021	2,785,000	366,662	3,151,662
2022	2,335,000	295,350	2,630,350
2023	2,375,000	213,550	2,588,550
2024-2025	<u>4,855,000</u>	<u>173,350</u>	<u>5,028,350</u>
Totals	<u>\$ 17,780,000</u>	<u>\$ 2,019,162</u>	<u>\$ 19,799,162</u>

Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$4,220,000 of bonds outstanding are considered defeased.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note H – Short-term debt

In an effort to alleviate short-term cash flow issues, the District participated in the State of Colorado’s interest-free loan program, with activity for the current fiscal year as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
Short-term debt	\$ -	\$ 2,291,198	\$ 2,291,198	\$ -

Note I – Defined benefit pension plan

Summary of significant accounting policies

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

During the 2018 legislative session, 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.* Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF’s measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and June 30, 2018.

General information about the pension plan

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (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 that can be obtained at www.copera.org/investments/pera-financial-reports.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

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

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

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

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

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, 2017, 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. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula 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, 2018. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, <u>2017</u>	For the Year Ended December 31, <u>2018</u>
Employer contribution rate ¹	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f) ¹	<u>(1.02)%</u>	<u>(1.02)%</u>
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411 ¹	<u>5.00%</u>	<u>5.50%</u>
Total employer contribution rate to the SCHDTF ¹	<u><u>18.63%</u></u>	<u><u>19.13%</u></u>

¹Rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,414,928 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the District reported a liability of \$51,477,544 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District’s proportion was 0.1592 percent, which was a decrease of 0.0024 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$10,911,243. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 953,231	\$ -
Changes of assumptions or other inputs	13,281,687	86,906
Net difference between projected and actual earnings on pension plan investments	1,060,497	3,042,089
Changes in proportion and differences between contributions recognized and proportionate share of contributions	44,623	780,476
Contributions subsequent to the measurement date	<u>724,033</u>	<u>-</u>
Total	<u>\$ 16,064,071</u>	<u>\$ 3,909,471</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

\$724,033 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2019	\$ 7,868,145
2020	4,366,111
2021	(43,167)
2022	<u>(760,522)</u>
Totals	<u>\$ 11,430,567</u>

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

Healthy, post-retirement mortality assumptions reflect 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.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	<u>100.00%</u>	

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 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 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

- 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, including current and estimate future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 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 (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease <u>(3.78%)</u>	Current Discount Rate <u>(4.78%)</u>	1% Increase <u>(5.78%)</u>
Proportionate share of the net pension liability	\$ <u>65,024,893</u>	\$ <u>51,477,544</u>	\$ <u>40,438,001</u>

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

Payables to the pension plan

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

Changes between the measurement date of the net pension liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through 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 the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of the annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At year end, the District reported a liability of \$51,477,544 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District’s proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 23,257,108

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$24,030,039 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Note J – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does offer matching contributions to its employees. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ending June 30, 2018, program members contributed \$154,621 and the District recognized pension expense of \$166,766 for the Voluntary Investment Program.

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

Summary of significant accounting policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

General information about the OPEB plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report 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 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. Section 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

PERA Benefit Structure

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

For the benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charges 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 the benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$76,431 for the year ended.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At year-end, the District reported a liability of \$1,175,478 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.0904 percent, which was a decrease of 0.0014 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$88,823. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,559	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	19,665
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	15,143
Contributions subsequent to the measurement date	<u>38,600</u>	<u>-</u>
Total	<u>\$ 44,159</u>	<u>\$ 34,808</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

\$38,600 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>June 30, ___</u>	<u>Amount</u>
2019	\$ (6,799)
2020	(6,799)
2021	(6,799)
2022	(6,799)
2023	(1,883)
2024	<u>(170)</u>
Totals	<u>\$ (29,249)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

Healthy, post-retirement 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.

Healthy, post-retirement 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.

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF.

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- 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 2017 plan year.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016 valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	<u>100.00%</u>	

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	<u>3.25%</u>	<u>4.25%</u>	<u>5.25%</u>
Net OPEB Liability	\$ 1,143,136	\$ 1,175,478	\$ 1,214,432

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, 2017 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the 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	\$ 1,321,607	\$ 1,175,478	\$ 1,050,753

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

Payables to the OPEB plan

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

Note L – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$92,691. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note M – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation.

The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$340,000 for the emergency reserve.

Federal and state funding

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

Note N – Joint venture

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note N – Joint venture (Continued)

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

This is a jointly governed organization with twelve other school districts with the District being represented by one member on the governing board of the cooperative. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the BOCES are available by contacting their administrative office in Longmont, Colorado.

For the year, the District's financial contribution to the BOCES was \$194,988.

Note O – Termination Benefits

The District has entered into early retirement agreements under the District's Voluntary Early Retirement of Employees policy. These agreements call for payments in the total amount of \$91,445 to be paid out in fiscal year 2018.

Note P – Prior period restatement

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires the District to recognize a liability for its proportionate share of the net OPEB liability of PERA's Health Care Trust Fund (see Note K), as well as OPEB expense, and to report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. The District has reduced the beginning net position of its governmental activities by \$1,153,735 due to the adoption of this statement.

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Required Supplementary Information

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 8,492,101	\$ 11,392,930	\$ 11,370,363	\$ (22,567)
Intermediate sources	5,000	5,200	5,240	40
State sources	3,791,960	2,156,788	2,340,420	183,632
Federal sources	12,000	16,602	18,210	1,608
Total revenues	12,301,061	13,571,520	13,734,233	162,713
Expenditures				
Instruction	7,329,072	7,473,711	7,530,485	(56,774)
Supporting services	4,989,507	5,310,064	5,267,199	42,865
Reserve for contingency	4,389,459	4,400,072		4,400,072
Total expenditures	16,708,038	17,183,847	12,797,684	4,386,163
Excess of revenues over (under) expenditures	(4,406,977)	(3,612,327)	936,549	4,548,876
Other financing uses				
Transfers out	(70,000)	(70,000)	(794,137)	(724,137)
Net change in fund balance	\$ (4,476,977)	\$ (3,682,327)	142,412	\$ 3,824,739
Fund balance at beginning of year			4,400,072	
Fund balance at end of year			\$ 4,542,484	

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
PERA's School Division Trust Fund
June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.1592%	0.1616%	0.1659%	0.1639%
District's proportionate share of the net pension liability	\$ 51,477,544	\$ 48,110,414	\$ 25,367,408	\$ 22,220,071
District's covered-employee payroll	\$ 7,343,091	\$ 7,252,209	\$ 7,228,219	\$ 6,868,124
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	701.03%	663.39%	350.95%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.10%	59.20%	62.84%

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

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

June 30, 2014

0.1524%

\$ 19,434,669

\$ 6,142,494

316.40%

64.06%

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
PERA's School Division Trust Fund
June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,414,928	\$ 1,329,171	\$ 1,277,084	\$ 1,181,839
Contributions in relation to the contractually required contribution	<u>(1,414,928)</u>	<u>(1,329,171)</u>	<u>(1,277,084)</u>	<u>(1,181,839)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,493,256	\$ 7,231,054	\$ 7,196,480	\$ 6,991,277
Contributions as a percentage of covered-employee payroll	18.88%	18.38%	17.75%	16.90%

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

June 30, 2014

\$ 1,067,691

(1,067,691)

\$ -

\$ 6,668,559

16.01%

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.0904%	0.0918%
District's proportionate share of the net OPEB liability	\$ 1,175,478	\$ 1,190,823
District's covered-employee payroll	\$ 7,343,091	\$ 7,252,209
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
PERA's Health Care Trust Fund
June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 76,431	\$ 73,757
Contributions in relation to the contractually required contribution	<u>(76,431)</u>	<u>(73,757)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,493,256	\$ 7,231,054
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

Other Supplementary Information

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

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General Fund

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 7,329,594	\$ 8,999,174	\$ 9,013,193	\$ 14,019
Specific ownership taxes	907,938	879,635	951,343	71,708
Delinquent taxes and interest			5,805	5,805
Abatements		21,000	(1,859)	(22,859)
Earnings on investments	10,000	25,000	37,417	12,417
Pupil activities	57,569	54,547	56,578	2,031
Other local revenue	187,000	1,413,574	1,307,886	(105,688)
Total local sources	8,492,101	11,392,930	11,370,363	(22,567)
Intermediate sources	5,000	5,200	5,240	40
State sources				
State equalization	3,478,960	1,709,150	1,702,858	(6,292)
ELPA professional development	15,000	34,694	34,694	-
English language proficiency	12,000	25,104	25,104	-
Vocational education	111,000	162,432	170,576	8,144
Transportation	130,000	162,631	148,607	(14,024)
READ Act	30,000	38,200	38,257	57
Library grant		4,000	4,000	-
Small rural funding			195,746	195,746
At risk funding		5,100	5,131	31
Services within the BOCES	15,000	15,477	15,447	(30)
Total state sources	3,791,960	2,156,788	2,340,420	183,632
Federal sources				
Early literacy			796	796
National forest land payments		8,465	8,466	1
Services within the BOCES	12,000	8,137	8,948	811
Total federal sources	12,000	16,602	18,210	1,608
Total revenues	\$ 12,301,061	\$ 13,571,520	\$ 13,734,233	\$ 162,713

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PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 4,727,021	\$ 4,811,530	\$ 4,904,439	\$ (92,909)
Employee benefits	1,804,589	1,800,421	1,738,331	62,090
Purchased services	550,042	610,213	636,389	(26,176)
Supplies and materials	228,770	240,547	240,076	471
Property	18,650	11,000	11,250	(250)
Total instruction	7,329,072	7,473,711	7,530,485	(56,774)
Supporting services				
Students				
Salaries	259,442	264,907	265,205	(298)
Employee benefits	103,954	104,064	100,292	3,772
Purchased services	2,090	3,578	5,373	(1,795)
Supplies and materials	6,940	5,433	6,406	(973)
Property	500			-
Total students	372,926	377,982	377,276	706
Instructional staff				
Salaries	164,723	180,660	161,054	19,606
Employee benefits	67,820	68,546	66,498	2,048
Purchased services	30,153	41,923	42,368	(445)
Supplies and materials	20,950	18,616	16,532	2,084
Property	4,500	2,100	2,563	(463)
Total instructional staff	288,146	311,845	289,015	22,830
General administration				
Salaries	212,008	221,141	221,516	(375)
Employee benefits	82,857	88,436	88,545	(109)
Purchased services	61,550	69,867	72,742	(2,875)
Supplies and materials	3,000	12,750	11,255	1,495
Property	1,500			-
Other	10,000	1,725	9,968	(8,243)
Total general administration	370,915	393,919	404,026	(10,107)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	761,269	778,716	779,409	(693)
Employee benefits	260,088	261,607	257,825	3,782
Purchased services	5,600	7,050	8,672	(1,622)
Property	2,000	270	573	(303)
Total school administration	1,028,957	1,047,643	1,046,479	1,164
Business services				
Salaries	166,259	167,112	169,704	(2,592)
Employee benefits	57,913	55,988	56,204	(216)
Purchased services	60,272	68,178	84,838	(16,660)
Supplies and materials	6,500	9,250	10,356	(1,106)
Property	2,000	153,433	153,433	-
Other		28,606	9,935	18,671
Total business services	292,944	482,567	484,470	(1,903)
Operations and maintenance				
Salaries	562,725	564,293	563,489	804
Employee benefits	224,369	208,528	207,201	1,327
Purchased services	305,445	329,537	316,257	13,280
Supplies and materials	482,700	529,900	518,224	11,676
Property	3,500	8,600	8,357	243
Total operations and maintenance	1,578,739	1,640,858	1,613,528	27,330
Student transportation				
Salaries	330,385	348,882	342,827	6,055
Employee benefits	110,883	114,873	115,570	(697)
Purchased services	32,325	34,153	36,987	(2,834)
Supplies and materials	101,021	112,300	107,794	4,506
Property	1,000	250	202	48
Other		281	693	(412)
Total student transportation	575,614	610,739	604,073	6,666

(continued)

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2018

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	196,888	200,248	205,820	(5,572)
Employee benefits	62,463	61,988	62,141	(153)
Purchased services	201,215	139,590	133,089	6,501
Supplies and materials	20,700	24,105	28,358	(4,253)
Property		18,084	18,083	1
Other		496	841	(345)
Total central support services	<u>481,266</u>	<u>444,511</u>	<u>448,332</u>	<u>(3,821)</u>
Total supporting services	4,989,507	5,310,064	5,267,199	42,865
Reserve for contingency	<u>4,389,459</u>	<u>4,400,072</u>		<u>4,400,072</u>
Total expenditures	<u>\$ 16,708,038</u>	<u>\$ 17,183,847</u>	<u>\$ 12,797,684</u>	<u>\$ 4,386,163</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Governmental Designated Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Food Service	Governmental Designated Purpose Grants	Total
Assets			
Cash	\$ 33,216		\$ 33,216
Due from other funds		\$ 500	500
Grants receivable	331	48,505	48,836
Inventory	16,552		16,552
	<u>50,099</u>	<u>49,005</u>	<u>99,104</u>
Total assets	<u>\$ 50,099</u>	<u>\$ 49,005</u>	<u>\$ 99,104</u>
Liabilities			
Due to other funds	\$ 31,371	\$ 35,204	\$ 66,575
Unearned revenue		1,222	1,222
Unearned grant revenue		12,579	12,579
	<u>31,371</u>	<u>49,005</u>	<u>80,376</u>
Total liabilities	31,371	49,005	80,376
Fund balance			
Nonspendable for inventory	16,552		16,552
Restricted to food service	867		867
Assigned to youth help	1,309		1,309
	<u>18,728</u>	<u>-</u>	<u>18,728</u>
Total fund balance	<u>18,728</u>	<u>-</u>	<u>18,728</u>
Total liabilities and fund balance	<u>\$ 50,099</u>	<u>\$ 49,005</u>	<u>\$ 99,104</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2018

	Food Service	Governmental Designated Purpose Grants	Total
Revenues			
Local sources	\$ 152,565		\$ 152,565
State sources	7,245		7,245
Federal sources	260,076	\$ 116,586	376,662
Total revenues	419,886	116,586	536,472
Expenditures			
Instruction		84,212	84,212
Supporting services	455,171	32,374	487,545
Total expenditures	455,171	116,586	571,757
Excess of revenues over (under) expenditures	(35,285)	-	(35,285)
Other financing sources			
Transfers in	48,137		48,137
Net change in fund balances	12,852	-	12,852
Fund balance at beginning of year	5,876	-	5,876
Fund balance at end of year	\$ 18,728	\$ -	\$ 18,728

PLATTE VALLEY SCHOOL DISTRICT RE-7
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues	\$ 123,200	\$ 149,437	\$ 152,565	\$ 3,128
State sources	8,000	8,000	7,245	(755)
Federal sources	258,000	258,000	260,076	2,076
Total revenues	389,200	415,437	419,886	4,449
Expenditures				
Supporting services				
Salaries	158,249	171,339	167,684	3,655
Employee benefits	97,350	80,901	81,688	(787)
Purchased services	7,006	6,196	7,387	(1,191)
Supplies and materials	194,754	204,871	198,412	6,459
Property	1,000	325		325
Appropriated reserves	18,101	5,876		5,876
Total expenditures	476,460	469,508	455,171	14,337
Excess of revenues over (under) expenditures	(87,260)	(54,071)	(35,285)	(9,888)
Other financing sources				
Transfers in	70,000	70,000	48,137	(21,863)
Net change in fund balance	\$ (17,260)	\$ 15,929	12,852	\$ (3,077)
Fund balance at beginning of year			5,876	
Fund balance at end of year			\$ 18,728	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal sources				
Services within the BOCES	\$ 121,716	\$ 121,716	\$ 116,586	\$ (5,130)
Total revenues	121,716	121,716	116,586	(5,130)
Expenditures				
Instruction				
Salaries	82,565	60,702	43,519	17,183
Employee benefits	23,228	24,612	23,329	1,283
Purchased services	3,512	7,512	12,535	(5,023)
Supplies and materials	4,474	4,274	4,829	(555)
Other	7,937	-	-	-
Total instruction	121,716	97,100	84,212	12,888
Supporting services				
Salaries	-	22,542	20,169	2,373
Employee benefits	-	900	-	900
Purchased services	-	7,302	8,902	(1,600)
Supplies and materials	-	1,200	3,303	(2,103)
Total supporting services	-	31,944	32,374	(430)
Total expenditures	121,716	129,044	116,586	12,458
Net change in fund balance	\$ -	\$ (7,328)	-	\$ 7,328
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

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Budgetary Comparison Schedule – Capital Projects Funds

The District reports the following major capital projects funds:

- Building Fund – This fund is used to account for the proceeds of bond sales, revenues from other sources and expenditures for capital outlay for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial, additional and replacement of equipment as authorized by the local board of education, as specified in the related bond issue.
- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Earnings on investments	\$ 6,500	\$ 40,449	\$ 48,306	\$ 7,857
Other local revenue		60,000	60,000	-
Total revenues	6,500	100,449	108,306	7,857
Expenditures				
Capital outlay				
Purchased services	400,000		34,580	(34,580)
Property	1,402,007	1,100,000	1,217,497	(117,497)
Appropriated reserves	3,275,657	3,933,595		3,933,595
Total expenditures	5,077,664	5,033,595	1,252,077	3,781,518
Net change in fund balance	\$ (5,071,164)	\$ (4,933,146)	(1,143,771)	\$ 3,789,375
Fund balance at beginning of year			3,933,595	
Fund balance at end of year			\$ 2,789,824	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 500	\$ 8,583	\$ 13,280	\$ 4,697
Other local revenue	10,000	10,000		(10,000)
Total revenues	10,500	18,583	13,280	(5,303)
Expenditures				
Capital outlay				
Purchased services		60,000	69,572	(9,572)
Supplies and materials			361	(361)
Property	90,000	90,000	73,244	16,756
Appropriated reserves	680,588	690,692		690,692
Total expenditures	770,588	840,692	143,177	697,515
Excess of revenues over (under) expenditures	(760,088)	(822,109)	(129,897)	692,212
Other financing sources				
Transfers in			746,000	746,000
Net change in fund balance	\$ (760,088)	\$ (822,109)	616,103	\$ 692,212
Fund balance at beginning			690,692	
Fund balance at end of year			\$ 1,306,795	

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Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,400,000	\$ 3,400,000	\$ 3,292,500	\$ (107,500)
Delinquent taxes and interest			1,950	1,950
Abatements			(535)	(535)
Interest on investments	300	55,011	70,736	15,725
Total revenues	3,400,300	3,455,011	3,364,651	(90,360)
Expenditures				
Debt service				
Purchased services	1,400	1,400	1,700	(300)
Principal retirement	2,615,000	2,615,000	2,685,000	(70,000)
Interest and fiscal charges	761,400	761,400	608,638	152,762
Appropriated reserves	6,548,252	9,499,667		9,499,667
Total expenditures	9,926,052	12,877,467	3,295,338	9,582,129
Net change in fund balance	\$ (6,525,752)	\$ (9,422,456)	69,313	\$ 9,491,769
Fund balance at beginning of year			6,608,599	
Fund balance at end of year			\$ 6,677,912	

Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Agency funds – These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities). These funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities. These activities are self-supporting and do not receive any direct or indirect support within the fund.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Pupil Activity Agency Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 615,000	\$ 615,000	\$ 670,391	\$ 55,391
Total additions	615,000	615,000	670,391	55,391
Deductions				
Pupil activity expenditures	535,000	700,000	668,749	31,251
Appropriated reserves	295,527	317,775		317,775
Total deductions	830,527	1,017,775	668,749	349,026
Excess of additions over (under) deductions	\$ (215,527)	\$ (402,775)	1,642	\$ 404,417
Due to student groups at beginning of year			317,775	
Due to student groups at end of year			\$ 319,417	

**Colorado Department of Education
Supplementary Schedule**

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

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Platte Valley School District RE-7
Kersey, Colorado

We have audited financial statements of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 2018, and our report thereon dated October 8, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 8, 2018



Colorado Department of Education
Auditors Integrity Report
 District: 3130 - PLATTE VALLEY RE-7
 Fiscal Year 2017-18
 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	4,400,072	12,940,095	12,797,684	4,542,484
16 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	4,400,072	12,940,095	12,797,684	4,542,484
11 Charter School Fund	0	0	0	0
20.25-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	5,876	468,023	455,170	18,728
22 Govt Designated-Purpose Grants Fund	0	116,585	116,585	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	6,608,599	3,364,651	3,295,338	6,677,912
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	3,933,595	108,306	1,252,077	2,789,821
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	590,692	759,280	143,177	1,306,795
46 Supplemental Cap Const Tech, Main Fund	0	0	0	0
Totals	15,638,834	17,755,940	18,060,092	15,335,742
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60.65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	317,775	670,391	668,750	319,417
79 GASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	317,775	670,391	668,750	319,417

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*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.