

**PEYTON SCHOOL DISTRICT 23JT
PEYTON, COLORADO**

BASIC FINANCIAL STATEMENTS

June 30, 2020





TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i - vii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7 – 47
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	48 – 51
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA School Division Trust Fund Plan	52
Schedule of the District's Contributions – PERA School Division Trust Fund Plan	53
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA Health Care Trust Fund Plan	54
Schedule of the District's Contributions – PERA Health Care Trust Fund Plan	55

TABLE OF CONTENTS

Other Information	PAGE
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	57
Budgetary Comparison Schedule – Food Service Fund	58
Budgetary Comparison Schedule – Student Activity Fund	59
Budgetary Comparison Schedule – Bond Redemption Fund	60
Budgetary Comparison Schedule – Capital Projects Fund	61
Compliance Section	
Auditors Integrity Report	62

FINANCIAL SECTION



Board of Education
Peyton School District 23JT
Peyton, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peyton School District 23JT as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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 Peyton School District 23JT as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 48-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules and the Auditors Integrity Report listed in the table of contents are presented for purposes of additional analysis and are 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 combining and individual fund statements and schedules and the Auditors Integrity Report are fairly stated in all material respects in relation to the financial statements as a whole.

PB Solutions LLC

November 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2020

The discussion and analysis of Peyton School District 23JT's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The district's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a sound fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs. Overall District net position increased by \$2,308,967 to (\$7,774,006). General Fund equity increased \$216,903 to \$1,836,851.

Using the Basic Financial Statements

The basic financial statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. The Fiduciary Fund previously reported by the District as Fund 74 is considered a Special Revenue Fund with the adoption of GASB Statement 84.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

The District's total net position was (\$7,554,006) as of June 30, 2020.

The District's Governmental net position increased by \$2,308,967 from the prior year. This is primarily due to the change in the Long-Term Pension (PERA) and OPEB related costs. The district's liabilities for governmental activities, including long term debt and net pension liability, exceeds assets, including capital assets (land, buildings, and equipment), in fiscal year 2019-2020 by \$7,554,006 (deficit net position).

Financial Analysis of the District as a Whole (Continued)

The deficit is a result of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net liability on the Statement of Net Position beginning the 2014-2015 fiscal year. More information on GASB Statement 68 can be found in the notes to the financial statements.

The remaining statements are Fund Financial Statements that focus on individual parts of the District's operations in more detail. The Governmental Fund statements tell how general District services were financed in the short term as well as what remains for future spending.

The District's total net position was (\$7,554,006) as of June 30, 2020. The District has a negative unrestricted net position of \$13,962,762 this is a result of the inclusion of the PERA and OPEB liability of \$9,348,022 and \$453,317, respectively. In addition, the District reports \$6,865,954 in deferred inflows related to Pensions and OPEB.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the School District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net position and the Statement of Activities, the District reports the following activity:

Governmental Activities – All of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

Most of the district's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are primarily amounts legally restricted for TABOR emergencies, debt repayment and capital construction.

Government-Wide Financial Statements (Continued)

A condensed summary of the Districts Net position is as follows:

Fiscal Year Ended June 30, 2020
Statement of Net Position

	Governmental Activities	
	<u>6/30/2020</u>	<u>6/30/2019</u>
Current and Other Assets	\$ 4,570,805	\$ 4,122,909
Capital Assets	<u>7,118,032</u>	<u>7,050,060</u>
Total Assets	<u>11,688,837</u>	<u>11,172,969</u>
 Deferred Outflows of Resources	 <u>1,186,104</u>	 <u>4,869,614</u>
 Current and Other Liabilities	 1,489,930	 1,106,308
Non current Liabilities	<u>12,073,063</u>	<u>14,533,338</u>
Total Liabilities	<u>13,562,993</u>	<u>15,639,646</u>
 Deferred Inflows of Resources	 <u>6,865,954</u>	 <u>10,087,684</u>
 Net Position		
Net Investment in Capital Assets	5,005,156	5,322,704
Restricted	1,403,600	1,624,438
Unrestricted	<u>(13,962,762)</u>	<u>(16,631,889)</u>
Total Net Position	<u>\$ (7,554,006)</u>	<u>\$ (9,684,747)</u>

Government-Wide Financial Statements (Continued)

A condensed Statement of Activities and Changes in Net position is as follows:

Fiscal Year Ended June 30, 2020

Statement of Activities

	Governmental Activities	
	6/30/2020	6/30/2019
Revenues		
Program Revenues		
Charges for Services	\$ 549,337	\$ 338,567
Operating and Capital Grants	937,407	980,632
General Revenues		
Property Taxes	1,490,166	1,315,521
Specific Ownership Taxes	165,800	164,429
State Equalization	4,617,602	4,299,711
Other	109,163	136,804
Total Revenues	<u>7,869,475</u>	<u>7,235,664</u>
Expenses		
Instruction	2,839,302	2,903,325
Supporting Services	2,687,244	2,494,894
Interest and Fiscal Charges	33,962	33,239
Total Expenses	<u>5,560,508</u>	<u>5,431,458</u>
Increase (Decrease in Net Postion)	2,308,967	1,804,206
Net Postion, Beginning, Restated	(9,862,973)	(11,488,953)
Net Postion Ending	<u>\$ (7,554,006)</u>	<u>\$ (9,684,747)</u>

The District's Governmental net position increased by \$2,308,967 from the prior year. The largest changes were described above.

Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 6. Fund financial reports provide detailed information about the District's major funds. The District's major funds are the General Fund, Capital Reserve, and Bond Redemption. In the addition, the District reports the Food Service Fund and the Student Activities Fund as nonmajor governmental funds.

The General Fund accounts for the majority of the District's instruction and support operations. The Bond Redemption Fund accounts for the repayment of the District's bonded debt, and the Capital Reserve Fund will accumulate costs related to the District's debt financed construction.

Governmental Funds. Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual 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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

Component Unit-Peyton School District does not charter a Charter School; therefore, no Component Unit is reported.

Special Revenue Funds (Food Service). The Special Revenue Fund (the food service operation) has historically operated as an enterprise fund using the same basis of accounting as business-type activities; however, beginning June 2015 these statements changed to a Governmental-Type activity.

Special Revenue Funds (Student Activity) As mentioned previously, due to GASB Statement 84, Fiduciary funds are now reported as a Special Revenue Fund in the government-wide financial statement because the resources of those funds are available to be spent by the overseeing sponsor of the program such as the coach or teacher. The Student Activity Agency Fund accounts for student funded activities.

Fund Financial Statements

As of June 30, 2020, the District's governmental funds reported a combined fund balance of \$3,052,864 which is a decrease of \$74,316 from the June 30, 2019 balance. The following is additional information by fund which contributed to the change.

General Fund equity increased \$216,903 from 2019 to 2020. Overall revenues increased by \$640,863 from the prior year while expenditures increased by \$300,657.

Capital Reserve Capital Project Fund fund balance decreased by \$195,738 from 2019 to 2020. This was due to the completion of the LED Project and the Career Technical Facility Roof Project.

Bond Redemption Fund equity decreased by \$108,995.

Capital Assets

As of June 30, 2020, the District had \$7,118,032 invested in a broad range of capital assets, including buildings and improvements, transportation and other equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$67,972 from last year.

Capital Assets (Continued)

A summary of the District's Capital Assets is as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ 229,940	\$ -	\$ 229,940	\$ -
Capital Asset, Being Depreciated				
Buildings and Improvements	12,605,139	609,481	-	13,214,620
Vehicles and Equipment	1,299,195	28,834	25,843	1,302,186
Total Capital Assets, Being Depreciated	<u>13,904,334</u>	<u>638,315</u>	<u>25,843</u>	<u>14,516,806</u>
Accumulated Depreciation				
Buildings and Improvements	6,352,172	276,548	-	6,628,720
Vehicles and Equipment	732,042	63,855	25,843	770,054
Total Depreciation	<u>7,084,214</u>	<u>340,403</u>	<u>25,843</u>	<u>7,398,774</u>
Net Capital Assets	<u>\$ 7,050,060</u>	<u>\$ 297,912</u>	<u>\$ 229,940</u>	<u>\$ 7,118,032</u>

Debt Administration

As of June 30, 2020, the District had total outstanding long-term obligations as follows:

	Balance 6/30/2019	Additions	Payments	Balance 6/30/2020	Current Portion
Series 2011 GO Bonds	\$ 1,390,000	\$ -	\$ 255,000	\$ 1,135,000	\$ 270,000
Series 2011 Certificates of Participation	645,000	-	40,000	605,000	40,000
Capital Leases	337,355	-	54,614	282,741	56,947
PERA Pension Liability	11,364,471	-	2,016,449	9,348,022	-
OPEB Liability	567,586	-	114,269	453,317	-
Compensated Absences	83,344	75,504	-	158,848	-
Total Long-Term Obligations	<u>\$ 14,387,756</u>	<u>\$ 75,504</u>	<u>\$ 2,480,332</u>	<u>\$ 11,982,928</u>	<u>\$ 366,947</u>
Unamortized Bond Premiums	<u>\$ (139,132)</u>	<u>\$ -</u>	<u>\$ (48,997)</u>	<u>\$ (90,135)</u>	<u>\$ -</u>

Additional information related to the District's debt can be found in Note 5 to the financial statements.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made in October when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization and Specific Ownership Tax.

General Fund revenues were \$152,354 less than the amount budgeted, with the main differences related to the PERA On Behalf Payments and grant revenues related to the Exceptional Children's Education Act and Small Rural Schools grant.

The Future of the District

Factors that will affect next year's budget will mainly revolve around the impact of the COVID-19 pandemic and its consequential effects to both the district's funding sources and a fluctuating student enrollment. It remains to be seen of what will happen with the state budget stabilization factor for the coming years. Since 2011, the budget stabilization factor has taken over 6 million dollars from potential revenues to Peyton School District. In 2019, Peyton School District's portion of the state budget was decreased by over \$525,000.

The Peyton Woods Manufacturing, Automotive and Hybrid Online School continue to expand offerings and continue to attract students from area schools. By charging out of district students a portion of their home districts per pupil revenue, it helps the programs to become more self-sufficient. However, the impact of e-learning has made it difficult to determine potential enrollment increases.

The actual (non-averaged) student count has decreased from the previous school year. The 5-year average student count projection for the 2020-2021 school year was estimated to be the slightly lower than the previous year. The decrease in the 5-year average student count is a result of the termination of the contract with the TCBA charter school, along with students transitioning to out-of-district online options related to COVID-19.

Economically, our district is projecting growth in the next 2-7 years. While Peyton has a very active real estate market, there are currently few new homes being built within the district boundaries and the county has relatively few active real estate listings. The district has been notified of a housing development of 3,200 homes being built entirely within the school district boundary. However, it is not expected to impact enrollment at the school until at least the summer of 2022.

Requests for Information

This financial report is designed to provide a general overview of the Peyton School District 23JT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, 13990 Bradshaw Road, Peyton, Colorado 80831-9003.



BASIC FINANCIAL STATEMENTS



PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF NET POSITION
June 30, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 3,442,298
Restricted Cash and Investments	871,735
Cash Held with County Treasurer	34,587
Taxes Receivable	84,106
Accounts Receivable	133,684
Inventories	4,395
Capital Assets, Not Depreciated	-
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>7,118,032</u>
TOTAL ASSETS	<u>11,688,837</u>
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions	1,160,614
Related to OPEB	<u>25,490</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,186,104</u>
LIABILITIES	
Accounts Payable	163,363
Accrued Salaries and Benefits	685,833
Unearned Revenue	635,004
Accrued Interest Payable	5,730
Noncurrent Liabilities	
Due Within One Year	366,947
Due in More Than One Year	1,745,929
Compensated Absences	158,848
Net Pension Liability	9,348,022
Net OPEB Liability	<u>453,317</u>
TOTAL LIABILITIES	<u>13,562,993</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	6,755,175
Related to OPEB	<u>110,779</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,865,954</u>
NET POSITION	
Net Investment in Capital Assets	5,005,156
Restricted	1,403,600
Unrestricted	<u>(13,962,762)</u>
TOTAL NET POSITION	<u>\$ (7,554,006)</u>

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

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 2,839,302	\$ 549,337	\$ 397,115	\$ -	\$ (1,892,850)
Supporting Services	2,687,244	-	462,883	77,409	(2,146,952)
Interest and Fiscal Charges	33,962	-	-	-	(33,962)
Total Governmental Activities	5,560,508	549,337	859,998	77,409	(4,073,764)
GENERAL REVENUES					
					1,490,166
					165,800
					4,617,602
					57,204
					51,959
					6,382,731
					2,308,967
					(9,862,973)
					\$ (7,554,006)

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

PEYTON SCHOOL DISTRICT 23JT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL RESERVE PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 3,088,481	\$ -	\$ 206,635	\$ 147,182	\$ 3,442,298
Restricted Cash and Investments	-	871,735	-	-	871,735
Cash Held at County Treasurer	30,484	4,103	-	-	34,587
Taxes Receivable	69,714	14,392	-	-	84,106
Other Receivables	130,671	-	-	3,013	133,684
Inventory	-	-	-	4,395	4,395
TOTAL ASSETS	\$ 3,319,350	\$ 890,230	\$ 206,635	\$ 154,590	\$ 4,570,805
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 149,560	\$ -	\$ 13,803	\$ -	\$ 163,363
Accrued Salaries and Benefits	677,997	-	-	7,836	685,833
Unearned Revenues	627,309	-	-	7,695	635,004
TOTAL LIABILITIES	1,454,866	-	13,803	15,531	1,484,200
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenues	27,633	6,108	-	-	33,741
FUND BALANCES					
Nonspendable	-	-	-	4,395	4,395
Restricted for Emergencies	209,915	-	-	-	209,915
Restricted for Mill Levy Override	309,563	-	-	-	309,563
Restricted for Debt Service	-	884,122	-	-	884,122
Committed for Fund Purpose	-	-	192,832	9,499	202,331
Assigned	-	-	-	125,165	125,165
Unassigned	1,317,373	-	-	-	1,317,373
TOTAL FUND BALANCES	1,836,851	884,122	192,832	139,059	3,052,864
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,319,350	\$ 890,230	\$ 206,635	\$ 154,590	\$ 4,570,805

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2020

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

Total fund balances of governmental funds			\$ 3,052,864
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	-	
	Capital Assets, Depreciated	14,516,806	
	Accumulated Depreciation	<u>(7,398,774)</u>	7,118,032
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.			33,741
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bonds Payable	(1,225,135)	
	COPs Payable	(605,000)	
	Capital Lease Payable	(282,741)	
	Accrued Interest Payable	(5,730)	
	Compensated Absences	(158,848)	
	Net Pension Liability	(9,348,022)	
	Net OPEB Liability	<u>(453,317)</u>	(12,078,793)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Change in Proportionate Share	-	
	Deferred outflows of resources - Subsequent Contributions	384,269	
	Deferred outflows of resources - Expected vs Actual Experience	509,473	
	Deferred outflows of resources - Projected vs Actual Investments Earnings	-	
	Deferred outflows of resources - Change in Assumptions	266,872	
	Deferred inflows of resources - Projected vs Actual Investments Earnings	(1,107,366)	
	Deferred inflows of resources - Change in Assumptions	(4,240,174)	
	Deferred inflows of resources - Change in Proportionate Share	<u>(1,407,635)</u>	(5,594,561)
	Deferred outflows of resources - Subsequent Contributions OPEB	20,225	
	Deferred outflows of resources - Expected vs Actual Experience OPEB	1,504	
	Deferred outflows of resources - Change in Assumptions OPEB	3,761	
	Deferred inflows of resources - Projected vs actual investment earnings OPEB	(7,566)	
	Deferred inflows of resources - Change in Proportionate Share OPEB	(27,039)	
	Deferred inflows of resources - Expected vs Actual Experience OPEB	<u>(76,174)</u>	<u>(85,289)</u>
Net position of governmental activities			<u>\$ (7,554,006)</u>

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

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL RESERVE PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 1,947,686	\$ 196,505	\$ 13,310	\$ 183,225	\$ 2,340,726
State Sources	5,172,004	-	77,409	5,345	5,254,758
Federal Sources	156,891	-	-	45,854	202,745
TOTAL REVENUES	7,276,581	196,505	90,719	234,424	7,798,229
EXPENDITURES					
Current					
Instruction	3,767,377	-	-	-	3,767,377
Supporting Services	2,937,260	-	1,500	245,910	3,184,670
Capital Outlay	130,041	-	357,164	-	487,205
Debt Service					
Principal	-	255,000	94,614	-	349,614
Interest	-	50,500	33,179	-	83,679
TOTAL EXPENDITURES	6,834,678	305,500	486,457	245,910	7,872,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	441,903	(108,995)	(395,738)	(11,486)	(74,316)
OTHER FINANCING SOURCES (USES)					
Transfer Out	(225,000)	-	-	-	(225,000)
Transfer In	-	-	200,000	25,000	225,000
TOTAL OTHER FINANCING SOURCES (USES)	(225,000)	-	200,000	25,000	-
NET CHANGE IN FUND BALANCES	216,903	(108,995)	(195,738)	13,514	(74,316)
FUND BALANCES, Beginning, Restated	1,619,948	993,117	388,570	125,545	3,127,180
FUND BALANCES, Ending	\$ 1,836,851	\$ 884,122	\$ 192,832	\$ 139,059	\$ 3,052,864

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds \$ (74,316)

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.

Capital Outlay	408,375	
Depreciation	(340,403)	
Loss on Disposal	-	67,972
		<hr/>

Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.

33,741

Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.

Bond Principal Payments	255,000	
COPs Principal Payments	40,000	
Capital Leases Principal Payments	54,614	
Amortization of Bond Premium	48,998	
Changes in Accrued Interest Payable	719	
Changes in Compensated Absences	(75,504)	323,827
		<hr/>

Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.

Deferred charges related to Pension Plan	1,941,235	
Deferred charges related to OPEB	16,508	1,957,743
		<hr/>

Change in net position of governmental activities \$ 2,308,967

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Peyton School District 23JT (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by an elected board of five members. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no additional organizations are includable within the District’s reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

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

In the fund financial statements, the District reports the following major governmental fund:

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

The *Bond Redemption Fund* accounts for the District's repayment of its general obligation debt.

The *Capital Projects Fund* accounts for the District's major capital projects and capital outlay.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the District considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventories in the governmental funds are valued using the purchase method. Under this method, inventories are recorded as expenditures when purchased. A physical inventory is taken annually at June 30th in the Food Service Fund. The inventory consists of donated commodities which were valued at the estimated acquisition value. Purchased commodities and supplies are valued at cost using the first-in, first-out (FIFO) method.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Buildings and Improvements	25-50 years
Vehicles and Equipment	5 to 20 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure. At June 30, 2020, the District reports \$635,004 in unearned revenues. \$337,955 of this amount is related to unspent CARES ACT funds. The remaining balance is related to unspent grant funds.

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 the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, were \$685,833. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are not limited to the amount of accumulated leave that can be carried to the next fiscal year. Upon termination of employment, employees are entitled to receive compensation for up to fifty accrued but not used sick days at \$50 per day. These compensated absences are when paid in the governmental fund types. A long-term liability in the amount of \$158,848 has been recorded in the government-wide financial statements for the accrued compensated absences.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and 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 current expenditures.

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third party limitation on their use. While District management may have categorized and segmented portion for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District reports restricted fund balances in the General Fund for Mill Levy Override Funds. The fund balance of the Bond Redemption Fund is restricted to comply with debt service covenants.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District reports the fund balance in the Food Service Fund and Capital Reserve Fund as committed resources for the respective fund purpose as of June 30, 2020.

- **Assigned** – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balance of the Student Activity Fund as assigned because their use has been designated for a specific purpose by the District.

- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District joined Colorado School District Self Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium for its property and casualty insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retentions, which is determined each policy year.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Risk Management (Continued)

The District carries commercial insurance for all other risks of loss, including worker's compensation and employee health and accident insurances. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Subsequent Events

The District has evaluated events subsequent to the year ended June 30, 2020 through November 19, 2020, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of the District 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. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2020 consist of the following:

Petty Cash	\$ 100
Deposits	3,262,413
Investments	<u>1,051,520</u>
Total	<u>\$4,314,033</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$3,442,298
Cash and Investments - Restricted	<u>871,735</u>
	<u>\$4,314,033</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the District had deposits with financial institutions with a carrying amount of \$3,262,413. The bank balances with the financial institutions were \$3,452,353. Of these balances, \$250,000 was covered by federal depository insurance and \$3,202,353 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Investments

Interest Rate Risk

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

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. 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

Local Government Investment Pools

The District had invested \$1,051,520 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash

At June 30, 2020, cash in the amount of \$871,735 is restricted in the Bond Redemption Fund to comply with debt service requirements.

NOTE 4: CAPITAL ASSETS

	<u>Balance 6/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2020</u>
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ 229,940	\$ -	\$ 229,940	\$ -
Capital Asset, Being Depreciated				
Buildings and Improvements	12,605,139	609,481	-	13,214,620
Vehicles and Equipment	1,299,195	28,834	25,843	1,302,186
Total Capital Assets, Being Depreciated	<u>13,904,334</u>	<u>638,315</u>	<u>25,843</u>	<u>14,516,806</u>
Accumulated Depreciation				
Buildings and Improvements	6,352,172	276,548	-	6,628,720
Vehicles and Equipment	732,042	63,855	25,843	770,054
Total Depreciation	<u>7,084,214</u>	<u>340,403</u>	<u>25,843</u>	<u>7,398,774</u>
Net Capital Assets	<u>\$ 7,050,060</u>	<u>\$ 297,912</u>	<u>\$ 229,940</u>	<u>\$ 7,118,032</u>

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

Governmental Activities	
Instruction	\$ 180,391
Supporting Services	<u>160,012</u>
Total	<u>\$ 340,403</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 5: LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2020:

	Balance 6/30/2019	Additions	Payments	Balance 6/30/2020	Current Portion
Series 2011 GO Bonds	\$ 1,390,000	\$ -	\$ 255,000	\$ 1,135,000	\$ 270,000
Series 2011 Certificates of Participation	645,000	-	40,000	605,000	40,000
Capital Leases	337,355	-	54,614	282,741	56,947
PERA Pension Liability	11,364,471	-	2,016,449	9,348,022	-
OPEB Liability	567,586	-	114,269	453,317	-
Compensated Absences	83,344	75,504	-	158,848	-
Total Long-Term Obligations	<u>\$ 14,387,756</u>	<u>\$ 75,504</u>	<u>\$ 2,480,332</u>	<u>\$ 11,982,928</u>	<u>\$ 366,947</u>
Unamortized Bond Premiums	<u>\$ (139,132)</u>	<u>\$ -</u>	<u>\$ (48,997)</u>	<u>\$ (90,135)</u>	<u>\$ -</u>

General Obligation Bonds, Series 2011

In September 2011, the District issued \$2,815,000 of General Obligation Bonds and \$25,000 of Capital Appreciation Bonds for the purpose of refunding the outstanding 1994 and 2003 bonds in the amount of \$400,000 and \$2,440,000, respectively. The bonds accrue interest at rates ranging from 1% to 4% per annum. Interest payments are due semi-annually on December 15 and June 15. Principal payments are due annual on December 15.

The bonds are repaid through general obligation tax mill collected and remitted through the District's Bond Redemption Fund.

The following is a summary of the debt service requirements for the General Obligation Bonds:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 270,000	\$ 40,000	\$ 310,000
2022	275,000	29,100	304,100
2023	290,000	17,800	307,800
2024	300,000	6,000	306,000
Total	<u>\$ 1,135,000</u>	<u>\$ 92,900</u>	<u>\$ 1,227,900</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Certificate of Participation, Series 2017

In 2016, the District issued a Certificate of Participation for the joint purchase and renovation of a building for the Peyton-Widefield Vocational Education Partnership (see Note 9).

The Certificate is secured by real property as provided in the lease agreement and indenture of trust dated May 17,2017. Under the site lease agreement, District owned property has been leased to the trustee and the District has agreed to pay the trustee base rentals in consideration of the District’s right to possess and use the leased property.

The Certificate was issued in the amount of \$735,000 and accrues interest at a rate of 3.15%. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due on December 1 through December 1, 2031.

The Certificates are subject to prepayment prior to maturity at the option of the District, in whole only and not in part, on December 1, 2026 and on any interest payment date thereafter, at a prepayment price equal to the outstanding principal amount plus any accrued interest to the prepayment date without premium.

In the event of default, the trustee as lessor may terminate the lease and give notice to the District to vacate and surrender possession of the property, recover base rentals and additional rentals that have been appropriated, or pursue any other legal remedy.

Payments are made from the District’s Capital Reserve Fund. The annual debt service requirement on the outstanding Certificate of Participation is as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 40,000	\$ 17,316	\$ 57,316
2022	45,000	17,089	62,089
2023	45,000	15,671	60,671
2024	45,000	14,253	59,253
2025	50,000	12,757	62,757
2026-2030	260,000	39,849	299,849
2031-2032	120,000	3,780	123,780
Total	\$ 605,000	\$ 120,715	\$ 725,715

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Capital Leases

Bus Lease

On May 17, 2016 the District entered into a lease-purchase agreement to purchase two school buses in the amount of \$154,689. The lease carries an interest rate of 4.34%. Annual lease payments in the amount of \$30,938 are due through August 30, 2020. The lease was paid in full in August of 2020.

HVAC System Lease

On May 6, 2016 the District entered into a lease-purchase agreement for a complete HVAC system in the amount of \$90,000 to be installed in the District’s Career and Technical Education Facility. The lease carries an interest rate of 4%. Annual lease payments in the amount of \$11,185 are due through June 15, 2026.

LED Lights Lease

On June 14, 2019 the District entered into a lease-purchase agreement for new LED light fixtures, security system, and fencing in the amount of \$212,361. The lease carries an interest rate of 3.75%. Annual lease payments in the amount of \$26,024 are due through June 15, 2029.

Future minimum lease payments for the leases are as follows:

Year Ended June 30,	<u>Amount</u>
2021	\$ 68,147
2022	37,209
2023	37,209
2024	37,209
2025	37,209
2026-2029	<u>115,282</u>
Future Minimum Lease Payments	332,265
Less Interest	<u>(49,524)</u>
Total	<u><u>\$ 282,741</u></u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: INTERFUND TRANSFERS

During the year ended June 30, 2020, the General Fund transferred \$25,000 to the Food Services Fund and \$200,000 to the Capital Projects Fund to cover operating costs and capital expenditures, respectively.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.
- The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:
 - Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
 - \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2020: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the 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 District were \$754,041 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020 the District reported a liability of \$9,348,022 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 9,348,022
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ 1,185,678
Total	\$10,533,700

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2019, the District’s proportion was 0.06257 percent, which was a decrease of 0.0016091 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the District recognized pension expense of (\$1,941,235) and revenue of \$37,505 for support from the State as a nonemployer contributing entity. At June 30, 2020 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	\$ 509,473	N/A
Changes of assumptions or other inputs	\$ 266,872	\$ 4,240,174
Net difference between projected and actual earnings on pension plan investments	N/A	\$ 1,107,366
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$ 1,407,635
Contributions subsequent to the measurement date	\$ 384,269	N/A
Total	\$ 1,160,614	\$6,755,175

\$384,269 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021 Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year ended June 30,	
2021	(\$3,302,713)
2022	(\$2,266,661)
2023	(\$ 32,763)
2024	(\$ 376,693)
2025	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2018 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	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) ¹	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by 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.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	1.00%	0.20%
Total	100.00%	

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$12,397,479	\$9,348,022	\$6,787,737

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

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT 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.

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,

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

DPS Benefit Structure

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$39,726 for the year ended June 30, 2020.

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

At June 30, 2020 the District reported a liability of \$453,317 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.0403307 percent, which is a decrease of 0.0013868 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of (\$16,508). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,504	\$ 76,174
Changes of assumptions or other inputs	\$ 3,761	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$ 7,566
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$ 27,039
Contributions subsequent to the measurement date	\$ 20,225	N/A
Total	\$ 25,490	\$ 110,779

\$20,225 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021 Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2021	(\$22,659)
2022	(\$22,658)
2023	(\$20,467)
2024	(\$20,801)
2025	(\$17,859)
Thereafter	(\$ 1,070)

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2018 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 decreasing to 4.50 percent in 2029	5.60 percent in 2019, gradually
Medicare Part A premiums increasing to 4.50 percent in 2029	3.50 percent in 2019, gradually
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by 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 discussed below.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	\$605	\$237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	\$571

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for the District 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

- 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 health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The 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 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.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	1.00%	0.20%
Total	100.00%	

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

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$442,548	\$453,317	\$465,760

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, 2019, 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 percent.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$512,566	\$453,317	\$402,646

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2020, the emergency reserve of \$209,915 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

In November 2014, the District's voters approved an election question which authorizes the District to retain and spend excess revenues from any source collected during the 2014-2015 fiscal year and for seven fiscal years thereafter, ending with the 2021-2022 fiscal year. The excess revenues are to be used for capital expenditures.

Jointly Governed Organizations

The District is a participant in a jointly governed organization to operate the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest or ongoing financial responsibility for the BOCES. Financial statements for the BOCES may be obtained from the BOCES administrative offices at 2883 South Circle Drive, Colorado Springs, CO 80906.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 9: **COMMITMENTS AND CONTINGENCIES** (Continued)

Jointly Governed Organizations (Continued)

For the year ended June 30, 2020, the District received \$22,937 in grant funds from BOCES and paid \$107,639 to BOCES for services.

Peyton-Widefield Vocational Education Partnership (PWVEP)

On July 19, 2016, the District entered into a partnership with El Paso County School District No. 3 (“Widefield School District”) under C.R.S 29-1-2013(4) to provide vocational education services in their respective service areas through a single shared location under joint management.

PWVEP is governed by a management committee composed of four delegates, including superintendents from each member. The initial term of the partnership agreement ended June 30, 2019 and was automatically extended for an additional term of five years.

In June 2017, the partnership was amended to provide funding for improvements and remodeling of a building (the “MILL”). Under the terms of the amended agreement, the District agreed to issue a Certificate of Participation to assist with the funding of the necessary improvements.

In addition, the amended partnership agreement clarifies the responsibilities of the member districts related to ongoing service costs and day to day costs of maintaining and operating the MILL Building. Widefield School District agrees to pay all costs and the District will reimburse Widefield School District for its portion of the shared cost.

For the year ended June 30, 2020, the District paid \$95,639 to Widefield School District under the terms of the partnership agreement. At June 30, 2020, the District holds a 25.54% equity interest in the partnership assets totaling \$2,991,111.

NOTE 10: **RESTATEMENT OF PRIOR YEAR BALANCES**

For the year ended June 30, 2020, the beginning net position of the governmental activities was decreased by \$288,805 to correct the balances of the Districts deferred inflows and deferred outflows related to the PERA Pension Liability.

For the year ended June 30, 2020, the beginning balances of the governmental activities was increased by \$110,579 to include the District’s Student Activity Fund, which was previously reported as an Agency Fund.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 11: **DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$7,554,006 due to the District including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

NOTE 12: **SUBSEQUENT EVENTS**

COVID19 Pandemic

The United States of America and State of Colorado have declared an emergency as a result of the coronavirus (COVID19) pandemic. These economic uncertainties may have a significant impact on the financial position, results of operations, and cashflows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.



REQUIRED SUPPLEMENTARY INFORMATION



PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 1,236,545	\$ 1,257,374	\$ 1,276,533	\$ 19,159
Specific Ownership Taxes	112,175	115,859	165,800	49,941
Earnings on Investments	44,500	39,500	32,087	(7,413)
Tuition from Individuals	2,800	2,800	1,200	(1,600)
Tuition from Other Districts/BOCES	477,019	438,019	394,771	(43,248)
Grants and Donations	31,123	25,539	32,231	6,692
All Other Local Revenue Codes	42,438	30,431	45,064	14,633
Total Local Sources	<u>1,946,600</u>	<u>1,909,522</u>	<u>1,947,686</u>	<u>38,164</u>
State Sources				
State Equalization	4,349,818	4,617,612	4,617,602	(10)
Small Rural Schools	339,709	229,923	136,231	(93,692)
Early Literacy Grant	-	113,544	104,663	(8,881)
Exceptional Children's Educational Act	149,765	136,783	16,662	(120,121)
Transportation	-	92,981	87,785	(5,196)
PERA On Behalf Revenue	-	95,000	89,804	(5,196)
All Other State Revenue	253,609	112,894	119,257	6,363
Total State Sources	<u>5,092,901</u>	<u>5,398,737</u>	<u>5,172,004</u>	<u>(226,733)</u>
Federal Sources				
Title I	103,666	93,666	83,797	(9,869)
Title IIA	-	10	8,928	8,918
Title IV	-	10,000	1,679	(8,321)
Carl Perkins Grant	15,000	15,000	45,155	30,155
Cares Act	-	-	6,418	6,418
All Other Federal Revenue	15,000	2,000	10,914	8,914
Total Federal Sources	<u>133,666</u>	<u>120,676</u>	<u>156,891</u>	<u>36,215</u>
TOTAL REVENUES	<u>7,173,167</u>	<u>7,428,935</u>	<u>7,276,581</u>	<u>(152,354)</u>
EXPENDITURES				
Instruction				
Salaries	2,601,428	2,656,400	2,611,490	44,910
Employee Benefits	790,759	762,724	690,185	72,539
Purchased Services	191,167	227,863	230,055	(2,192)
Supplies and Materials	101,081	179,726	227,696	(47,970)
Property	21,006	34,600	17,873	16,727
Other Objects and Uses	11,260	7,000	7,951	(951)
Total Instruction	<u>3,716,701</u>	<u>3,868,313</u>	<u>3,785,250</u>	<u>83,063</u>

(Continued)

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES (Continued)				
Supporting Services				
Student Services				
Salaries	257,144	262,444	269,924	(7,480)
Employee Benefits	65,533	66,771	64,575	2,196
Purchased Services	6,130	6,130	6,065	65
Supplies and Materials	5,226	5,501	6,574	(1,073)
Other Objects and Uses	250	250	390	(140)
Total Students	<u>334,283</u>	<u>341,096</u>	<u>347,528</u>	<u>(6,432)</u>
Instructional Staff				
Salaries	44,409	45,967	45,414	553
Employee Benefits	14,150	14,491	13,421	1,070
Purchased Services	7,200	7,200	3,613	3,587
Supplies and Materials	9,000	10,000	6,738	3,262
Property	2,500	2,500	1,704	796
Total Instructional Staff	<u>77,259</u>	<u>80,158</u>	<u>70,890</u>	<u>9,268</u>
General Administration				
Salaries	254,760	277,586	316,512	(38,926)
Employee Benefits	74,219	175,711	154,709	21,002
Purchased Services	133,780	134,080	86,109	47,971
Supplies and Materials	6,300	6,300	4,747	1,553
Property	5,813	5,813	2,948	2,865
Other Objects and Uses	14,630	14,630	18,221	(3,591)
Total General Administration	<u>489,502</u>	<u>614,120</u>	<u>583,246</u>	<u>30,874</u>
School Administration				
Salaries	249,460	249,411	248,738	673
Employee Benefits	64,299	64,582	61,918	2,664
Purchased Services	28,462	28,462	26,980	1,482
Supplies and Materials	10,000	10,000	9,462	538
Property	3,240	38,240	95,639	(57,399)
Other Objects and Uses	1,120	1,120	2,980	(1,860)
Total School Administration	<u>356,581</u>	<u>391,815</u>	<u>445,717</u>	<u>(53,902)</u>

(Continued)

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Administration				
Salaries	118,598	118,598	115,736	2,862
Employee Benefits	32,057	32,182	30,825	1,357
Purchased Services	219,725	219,725	134,090	85,635
Supplies and Materials	2,500	2,500	1,975	525
Total Business Services	<u>372,880</u>	<u>373,005</u>	<u>282,626</u>	<u>90,379</u>
Operations and Maintenance				
Salaries	308,650	285,386	290,388	(5,002)
Employee Benefits	96,992	85,809	84,918	891
Purchased Services	199,779	123,596	79,838	43,758
Supplies and Materials	282,628	298,461	276,803	21,658
Property	7,670	5,050	5,719	(669)
Other Objects and Uses	200	200	-	200
Total Operations and Maintenance	<u>895,919</u>	<u>798,502</u>	<u>737,666</u>	<u>60,836</u>
Student Transportation				
Salaries	295,935	305,935	277,658	28,277
Employee Benefits	84,256	86,440	78,784	7,656
Purchased Services	20,096	20,096	11,533	8,563
Supplies and Materials	109,500	109,500	71,801	37,699
Property	16,250	16,250	6,158	10,092
Other Objects and Uses	1,500	1,500	75	1,425
Total Student Transportation	<u>527,537</u>	<u>539,721</u>	<u>446,009</u>	<u>93,712</u>
Central Support				
Purchased Services	146,755	151,455	135,746	15,709
Total Central Support	<u>146,755</u>	<u>151,455</u>	<u>135,746</u>	<u>15,709</u>

(Continued)

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Total Supporting Services	<u>3,200,716</u>	<u>3,289,872</u>	<u>3,049,428</u>	<u>240,444</u>
RESERVES				
Contingency	-	1,092,701	-	1,092,701
Operating Reserve	-	103,560	-	103,560
Restricted Reserves	-	209,687	-	209,687
Emergency Reserves	-	214,000	-	214,000
TOTAL RESERVES	<u>-</u>	<u>1,619,948</u>	<u>-</u>	<u>1,619,948</u>
TOTAL EXPENDITURES	<u>6,917,417</u>	<u>8,778,133</u>	<u>6,834,678</u>	<u>1,943,455</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>255,750</u>	<u>(1,349,198)</u>	<u>441,903</u>	<u>1,791,101</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(255,750)</u>	<u>(270,750)</u>	<u>(225,000)</u>	<u>45,750</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(255,750)</u>	<u>(270,750)</u>	<u>(225,000)</u>	<u>45,750</u>
CHANGE IN FUND BALANCE	-	(1,619,948)	216,903	1,836,851
FUND BALANCES, Beginning	<u>1,951,251</u>	<u>1,619,948</u>	<u>1,619,948</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 1,951,251</u>	<u>\$ -</u>	<u>\$ 1,836,851</u>	<u>\$ 1,836,851</u>

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

	Years Ended December 31,						
	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0626%	0.0642%	0.0740%	0.0763%	0.0762%	0.0731%	0.0720%
Proportionate Share of the Net Pension Liability (Asset)	\$ 9,348,022	\$ 11,364,471	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	1,185,678	1,553,932	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 10,533,700	\$ 12,918,403	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
Covered payroll	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	257.8%	366.13%	701.00%	735.61%	375.39%	323.52%	310.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

NOTE: Information for the prior three years was not available for this report

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 754,041	\$ 674,972	\$ 635,922	\$ 559,735	\$ 538,232	\$ 502,886	\$ 459,595
Contributions in Relation to the Contractually Required Contributions	754,041	674,972	635,922	559,735	538,232	502,886	459,595
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Contributions as a Percentage of Covered Payroll	19.36%	19.13%	18.63%	18.13%	17.33%	16.43%	15.53%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability (Asset)	0.0403%	0.0417%	0.0420%	0.0434%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 453,317	\$ 567,586	\$ 546,419	\$ 562,143
Covered payroll	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	12.5%	16.09%	16.01%	18.21%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 39,726	\$ 35,989	\$ 34,817	\$ 31,491
Contributions in Relation to the Contractually Required Contributions	<u>39,726</u>	<u>35,989</u>	<u>34,817</u>	<u>31,491</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES



PEYTON SCHOOL DISTRICT 23JT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
ASSETS			
Cash and Investments	\$ 22,017	\$ 125,165	\$ 147,182
Accounts Receivable	3,013	-	3,013
Inventory	4,395	-	4,395
	<u>4,395</u>	<u>-</u>	<u>4,395</u>
TOTAL ASSETS	<u>\$ 29,425</u>	<u>\$ 125,165</u>	<u>\$ 154,590</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Salaries and Benefits	\$ 7,836	\$ -	\$ 7,836
Unearned Revenue	7,695	-	7,695
	<u>7,695</u>	<u>-</u>	<u>7,695</u>
TOTAL LIABILITIES	<u>15,531</u>	<u>-</u>	<u>15,531</u>
FUND EQUITY			
Fund Balance			
Nonspendable	4,395	-	4,395
Committed for Fund Purpose	9,499	-	9,499
Assigned	-	125,165	125,165
	<u>-</u>	<u>125,165</u>	<u>125,165</u>
TOTAL FUND EQUITY	<u>13,894</u>	<u>125,165</u>	<u>139,059</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,425</u>	<u>\$ 125,165</u>	<u>\$ 154,590</u>

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
REVENUES			
Local Sources	\$ 50,832	\$ 132,393	\$ 183,225
State Sources	5,345	-	5,345
Federal Sources	45,854	-	45,854
 TOTAL REVENUES	 <u>102,031</u>	 <u>132,393</u>	 <u>234,424</u>
EXPENDITURES			
Current			
Supporting Services	128,103	117,807	245,910
 TOTAL EXPENDITURES	 <u>128,103</u>	 <u>117,807</u>	 <u>245,910</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(26,072)</u>	 <u>14,586</u>	 <u>(11,486)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	25,000	-	25,000
 TOTAL OTHER FINANCING SOURCES	 <u>25,000</u>	 <u>-</u>	 <u>25,000</u>
 NET CHANGE IN FUND BALANCES	 (1,072)	 14,586	 13,514
FUND BALANCES, Beginning, Restated	<u>14,966</u>	<u>110,579</u>	<u>125,545</u>
FUND BALANCES, Ending	<u><u>\$ 13,894</u></u>	<u><u>\$ 125,165</u></u>	<u><u>\$ 139,059</u></u>

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICE FUND

Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Charges for Services	\$ 59,786	\$ 59,477	\$ 47,969	\$ (11,508)
Grants and Donations		300	774	474
Other	2,400	1,500	2,089	589
State and Federal Sources				
School Lunches	59,762	48,902	39,502	(9,400)
School Breakfast	290	250	213	(37)
Commodity Donations	10,000	12,000	10,042	(1,958)
State Match	1,500	2,000	1,442	(558)
TOTAL REVENUES	133,738	124,429	102,031	(22,398)
EXPENDITURES				
Salaries	59,850	59,850	59,620	230
Benefits	13,077	13,077	12,632	445
Purchased Services	2,282	1,802	2,363	(561)
Food	68,328	66,800	49,504	17,296
Other Supplies	4,500	4,550	3,305	1,245
Property	2,500	2,500	-	2,500
Other Objects and Uses	1,600	850	679	171
TOTAL EXPENDITURES	152,137	149,429	128,103	21,326
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,399)	(25,000)	(26,072)	(1,072)
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	25,000	25,000	-
CHANGE IN FUND BALANCE	(8,399)	-	(1,072)	(1,072)
FUND BALANCES, Beginning	12,070	14,966	14,966	-
FUND BALANCES, Ending	<u>\$ 3,671</u>	<u>\$ 14,966</u>	<u>\$ 13,894</u>	<u>\$ (1,072)</u>

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 STUDENT ACTIVITY FUND
 Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Charges for Services	\$ 170,000	\$ 170,000	\$ 105,397	\$ (64,603)
Grants and Donations	-	-	26,996	26,996
TOTAL REVENUES	<u>170,000</u>	<u>170,000</u>	<u>132,393</u>	<u>(37,607)</u>
EXPENDITURES				
Supporting Services				
Materials and Supplies	<u>168,000</u>	<u>168,000</u>	<u>117,807</u>	<u>50,193</u>
TOTAL EXPENDITURES	<u>168,000</u>	<u>168,000</u>	<u>117,807</u>	<u>50,193</u>
CHANGE IN FUND BALANCE	2,000	2,000	14,586	12,586
FUND BALANCE, Beginning	<u>88,296</u>	<u>88,296</u>	<u>110,579</u>	<u>22,283</u>
FUND BALANCE, Ending	<u><u>\$ 90,296</u></u>	<u><u>\$ 90,296</u></u>	<u><u>\$ 125,165</u></u>	<u><u>\$ 34,869</u></u>

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 BOND REDEMPTION FUND
 Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 90,500	\$ 201,604	\$ 179,892	\$ (21,712)
Earnings on Investments	18,000	18,000	16,613	(1,387)
TOTAL REVENUES	<u>108,500</u>	<u>219,604</u>	<u>196,505</u>	<u>(23,099)</u>
EXPENDITURES				
Debt Service				
Principal	245,000	255,000	255,000	-
Interest	65,400	65,400	50,500	14,900
TOTAL EXPENDITURES	<u>310,400</u>	<u>320,400</u>	<u>305,500</u>	<u>14,900</u>
CHANGE IN FUND BALANCE	(201,900)	(100,796)	(108,995)	(8,199)
FUND BALANCE, Beginning	<u>858,638</u>	<u>993,117</u>	<u>993,117</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ 656,738</u></u>	<u><u>\$ 892,321</u></u>	<u><u>\$ 884,122</u></u>	<u><u>\$ (8,199)</u></u>

See the accompanying independent auditors' report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Earnings on Investments	\$ 3,004	\$ 4,905	\$ 3,259	\$ (1,646)
Other	-	10,050	10,051	1
State Sources				
Capital Construction	-	70,331	77,409	7,078
TOTAL REVENUES	3,004	85,286	90,719	5,433
EXPENDITURES				
Supporting Services				
Purchased Services	-	-	1,500	(1,500)
Property	146,988	535,110	357,164	177,946
Debt Service				
Principal	101,766	111,374	94,614	16,760
Interest	-	30,602	33,179	(2,577)
TOTAL EXPENDITURES	248,754	677,086	486,457	190,629
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(245,750)	(591,800)	(395,738)	196,062
OTHER FINANCING SOURCES (USES)				
Transfers In	245,750	245,750	200,000	(45,750)
CHANGE IN FUND BALANCE	-	(346,050)	(195,738)	150,312
FUND BALANCE, Beginning	-	388,570	388,570	-
FUND BALANCE, Ending	\$ -	\$ 42,520	\$ 192,832	\$ 150,312

See the accompanying independent auditors' report.

COMPLIANCE





Colorado Department of Education
Auditors Integrity Report
 District: 1060 - Peyton 23 Jt
 Fiscal Year 2019-20
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,619,948	7,051,581	6,834,679	1,836,850
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,619,948	7,051,581	6,834,679	1,836,850
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	14,966	127,031	128,103	13,894
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	110,579	132,394	117,808	125,165
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	993,117	196,505	305,500	884,123
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	388,570	290,720	486,457	192,833
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,127,180	7,798,231	7,872,546	3,052,864
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL