

Platte Valley School District RE-7
Kersey, Colorado

Financial Statements

For the Year Ended June 30, 2020

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 7, 2020

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

This section of the Platte Valley School District, Weld Re-7 annual financial report provides readers with the District's financial statements, financial performance, and the discussion and analysis during the fiscal year which ended June 30, 2020.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in 2020 are as follows:

- Among the major funds, the General Fund had \$17,221,430 in revenues and other financing, and \$14,024,153 in expenditures. Transfers of \$100,000 and \$178,000 were made from General Fund to Food Services and Capital Projects Funds respectively. A transfer of \$2,313,123.75 was made into the General Fund. Total revenues exceeded expenses by \$3,197,277 increasing the General Fund balance from \$4,774,138 to \$7,971,415.
- General Fund revenues accounted for \$15,186,306 in revenue or 56.24% of all governmental funds revenues. Additionally, Total Program Reserve Fund revenues totaled \$3,269,444 or 12.11%, debt reduction revenues totaled \$6,694,526 or 24.80%, and other revenues in the form of charges for services, interest, grants and contributions accounted for \$1,848,798 6.85% of the total governmental funds revenues of \$26,999,074.
- The Governmental Accounting Standards Board (GASB) established new financial reporting requirements for governments through GASB Rule 68, which became effective for the reporting year 2015. Among other requirements, the District is required to report its proportionate share of the total Public Employees' Retirement Association (PERA) net pension liability (NPL) in our government-wide financial statements. The District's share of the PERA NPL as of June 30, 2020 was \$20,329,418 and \$999,576 for the District's reported share for PERA other post-employment benefit plan (OPEB). This makes up 33% of the District's reported long-term liabilities.
- Governmental activities assets and deferred outflows of resources totaled \$85,742,894 in cash, investments and other assets. Liabilities and deferred inflows of resources for governmental activities totaled \$82,069,745.
- The District's total net position increased by \$12,757,915 due to an increase in the District's net change in fund balances - governmental funds. \$3,390,610 of this increase is related to PERA's net pension liability and OPEB reporting.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Statements

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

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

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

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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

- ***Governmental activities-*** Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, food service operations and pupil activities. The governmental activities are financed mainly through property taxes.

Fund Financial Statements

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

The District uses one type of funds:

- ***Governmental funds-*** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Condensed Statement of Net Position

Table 1 provides a summary of the Total School District's net position for 2020 compared to 2019:

Table 1

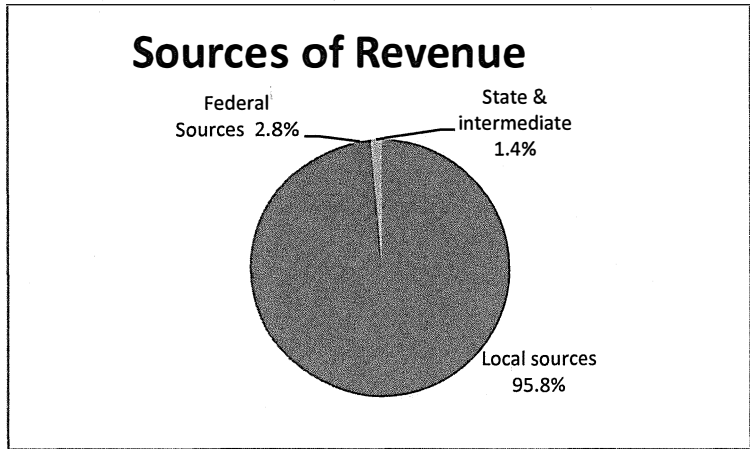
	Governmental Activities	
	2020	2019
Current and other assets	\$ 53,957,455	\$ 17,356,696
Capital assets	29,000,420	27,979,331
Total assets	82,957,875	45,336,027
Deferred outflows of resources	2,785,019	10,702,229
Total assets and deferred outflows of resources	\$ 85,742,894	\$ 56,038,256
Current liabilities	\$ 2,540,185	\$ 1,619,406
Long-term liabilities	64,022,517	42,574,118
Total liabilities	66,562,702	44,193,524
Deferred inflows of resources	15,507,043	21,334,015
Net investment in capital assets	11,284,093	12,215,085
Restricted for:		
Labor emergency	490,000	360,000
Capital projects	30,253,056	2,494,632
Multi-year obligations	404,826	401,815
Food service program	66,953	37,686
Land dedication	17,624	10,874
Debt service	9,951,244	6,794,047
Total program reserve	948,825	-
Unrestricted	(49,743,472)	(31,803,422)
Total net position	(3,673,149)	(9,489,283)
Total liabilities, deferred inflows of resources and net position	\$ 85,742,894	\$ 56,038,256

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

District Sources of Revenue for Fiscal Year 2020 (Total Government Funds)

Local sources, including property taxes for operating purposes and debt reduction accounted for most of the District's total revenue, \$25,871,652 or 95.8% (see table 2). State and intermediate sources accounted for \$384,243 or 1.4%, with federal sources totaling \$743,179 or 2.8%.

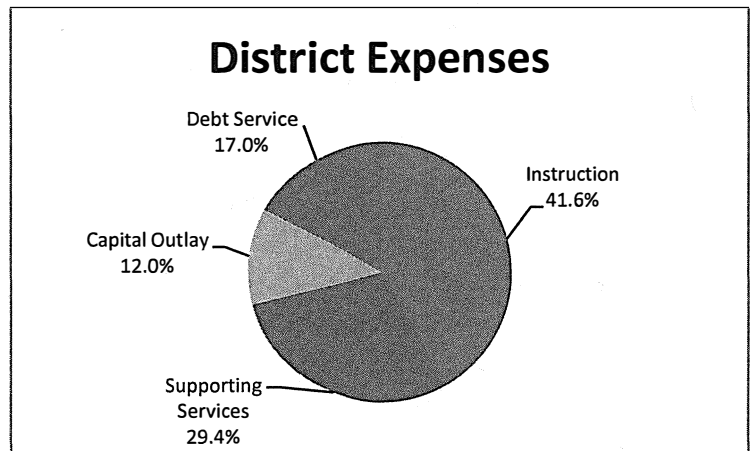
Table 2



District Expenses for Fiscal Year 2020 (Total Government Funds)

The District's expenses are predominately related to instruction (\$8,878,568) and supporting services (\$6,286,847) at a combined total of 71.0% (See Table 3). The district incurred 17.0% for debt reduction (\$2,735,000 principal, \$802,329 in interest and fiscal charges and \$90,950 in debt issuance costs) and 12.0% for capital expenditures (\$2,570,639).

Table 3



Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2020

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$9,282.96 per funded student. In fiscal year 2020 the funded pupil count was 1,152.1. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District went into categorical buy-out during the 2019-20 fiscal year and was 100% locally funded through the SFA. The District did not receive any state assistance through the SFA. The School District's assessed valuation generated \$13,074,659, \$3,199,240 and \$6,609,004 in property taxes for general purposes, total program reserve and debt service, respectively, for fiscal year 2020.

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

Government Activities
Table 4

	FY 2020	FY 2019
Program revenues		
Charges for services	234,716	230,368
Operating grants & contributions	981,252	795,207
Capital grants & contributions	0	65,239
General revenues		
Property taxes	23,922,198	16,426,946
State equalization	0	-5
Other	1,742,266	1,009,636
Total revenues	26,880,432	18,527,391
Instruction	6,787,421	6,328,006
Pupil and instructional services	697,688	613,237
Administration and business	1,615,369	1,493,274
Maintenance and operations	1,412,024	1,613,525
Transportation	617,223	640,162
Other	2,992,792	2,620,158
Total expenses	14,122,517	13,308,362
Change in net position	\$12,757,915	\$5,219,029

- The net program expense of all governmental activities during the year was \$12,906,549.
- The portion of governmental activities financed with state equalization from the School Finance Act of 1994 (SFA) was \$0 and \$13,046,896 in property taxes.
- The instructional expenditures in FY 2019 were decreased by \$1,952,468 due to pension and OPEB related income.
- In FY 2020 instructional expenditures were decreased by \$2,098,606 related to pension and OPEB related income.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues and other financing of \$56,740,681 and expenditures of \$21,364,333. Detailed information about the District's major funds starts on page 66.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Platte Valley School District was fortunate to pass a bond initiative in November 2019, enabling continued capital improvements during the 2020 fiscal school year. Completed projects included: (a) new flooring throughout the high school and elementary; (b) upgraded electrical panels and wiring at the middle school, replacing wiring and panels that had been deemed a life safety issue; (c) masonry repairs at elementary and middle school; (d) refinish of the gyms at the elementary and high school; (e) improving technology scheduled to be replaced; and (f) updated HVAC units at the elementary that had exceeded life expectancy.

The District's capital debt includes the general obligation bonds (see Note G – Long term debt). The district incurred additional bond debt of \$26,575,000, from which the District received \$3,166,607 in premium, due to a successful election in November of 2019. Bond payments for the fiscal year included principal payments of \$2,735,000 on the bond indebtedness, resulting in a balance due \$38,925,000 at June 30, 2020. With the new bond initiative, the District has 92% of its bonding capacity available as specified by Colorado statute. Table 5 shows capital assets, net of accumulated depreciation for fiscal year 2020.

Capital Assets at June 30, 2020

Table 5

	Governmental Activities
Land	\$ 48,100
Water rights	259,622
Construction in progress	1,392,527
Buildings	26,155,664
Furniture and equipment	649,147
Licensed vehicles	495,360
Total Capital Assets	\$ 29,000,420

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

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2020

Long-term Debt

Table 6

At year-end, the School District's long-term debt of \$64,022,517 consisted of the following:

	Governmental Activities
Compensated absences	\$ 59,886
Net pension liability	20,329,418
Net OPEB liability	999,576
Bonds payable	38,925,000
Bond premium	3,708,637
Total	\$ 64,022,517

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

For the 2020 fiscal year, the general fund balance increased \$3,197,277.61 resulting in a fund balance of \$7,971,415. The fund balance was increased due to diligent financial management and is enough to cover approximately six months of operating costs. Additionally, the District was able to pass a mill-levy override extension and bond initiative in November 2019. The mill-levy override extension will provide an additional \$414,303 annually to assist with operating the district. The \$26 million bond initiative was passed to improve and address capital construction projects. This bond will allow the district to build an athletic addition at the high school to improve curricular opportunities for students district-wide as well as address district-wide deferred maintenance items. The District received a Moody's credit upgrade from Aa2 to A1 rating and continues to be commended for its "strong financial performance" and "solid management team" with a "conservative debt management practice leading to a manageable debt burden with rapid payout".

The District's assessed value increased by \$720,076,020 (from \$1,725,998,340 to \$2,448,074,360). The District's general fund mill levy of 5.624 mills remained constant in 2020. The mill levy for the voter approved override decreased by .43 mills from 1.443 mills in 2019 to 1.018 in 2020. Bond fund mill-levy increased by .83 mills year-over-year, allowing the District to build fund balance in the Bond Fund to off-set future decreases in assessed value and to protect District taxpayers.

Student enrollment at Weld County RE-7 increased by 1 student to a total pupil count of 1,104 compared to 1,103 in 2018-2019. The Funded Pupil Count (FPC) for fiscal year 2020 was calculated at 1,152.1 with Per Pupil Funding at \$9,282.96 per student.

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

Salaries were allocated according to the salary agreement with PVEA. The salary agreement with PVEA is developed through a collaborative process with members of the association,

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Superintendent of Schools, Business Services Director, and members of the Board of Education. A stated goal for the extension and increase in for the mill-levy override is to maintain competitive salaries in an effort to recruit and retain high quality staff to the District.

During the spring of 2020, Platte Valley School District, as was the case for schools across the state and country, were impacted by the COVID-19 pandemic. The District was forced to close and transition from in-person learning to 100% remote learning through the end of the academic and fiscal year. Specific to financial impacts, the Colorado State Legislature voted to delay interest collection for delayed property tax collections. These delayed property tax collections resulted in \$1,434,246.52 of total uncollected revenue to Platte Valley School District. Because of the extenuating circumstances around COVID-19, the Office of the State Auditor allowed for these uncollected revenues to be booked as a receivable for upwards of one year. The unknowns around the COVID-19 pandemic will likely have an impact on the District's finances in the short-term, both in terms of budgeting and the impact it will have on the state budget and School Finance Act.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

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Basic Financial Statements

The basic financial statements of the District include the following:

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash	\$ 14,919,013
Cash with fiscal agent	116,301
Investments	37,217,913
Receivables	1,657,659
Inventory	46,569
Capital assets, net of depreciation	<u>29,000,420</u>
Total assets	82,957,875
Deferred outflows of resources	
Pension and other post-employment benefit deferrals	2,687,190
Deferred charges on refundings of bonds	<u>97,829</u>
Total deferred outflows of resources	<u>2,785,019</u>
Total assets and deferred outflows of resources	<u><u>\$ 85,742,894</u></u>
Liabilities	
Accounts payable	\$ 357,088
Accrued salaries and benefits	1,496,639
Payroll tax withholdings	71,346
Unearned revenue	510,733
Accrued interest	104,379
Noncurrent liabilities	
Due within one year	2,785,000
Due in more than one year	<u>61,237,517</u>
Total liabilities	66,562,702
Deferred inflows of resources	
Pension and other post-employment benefit deferrals	15,507,043
Net position	
Net investment in capital assets	11,284,093
Restricted for:	
Emergencies	490,000
Multi-year obligations	404,826
Land dedication	17,624
Total program reserve	948,825
Capital projects	30,253,056
Debt service	9,951,244
Food service	66,953
Unrestricted (deficit)	<u>(49,743,472)</u>
Total net position	<u>3,673,149</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 85,742,894</u></u>

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

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,787,421	\$ 108,689	\$ 232,524	
Supporting services				
Students	380,860			
Instructional staff	316,828		136,887	
General administration	371,071		4,816	
School administration	895,193		120,419	
Business services	349,105		63,004	
Operations and maintenance	1,412,024		7,260	
Student transportation	617,223		37	
Central support services	821,450		136,567	
Food service operations	419,400	126,027	279,738	
Facilities acquisition	47,508			
Unallocated depreciation *	982,395			
Interest and fiscal charges	722,039			
Total governmental activities	<u>\$ 14,122,517</u>	<u>\$ 234,716</u>	<u>\$ 981,252</u>	<u>\$ -</u>

General revenues

Taxes

Property taxes, levied for general purposes
Property taxes, levied for total program reserves
Property taxes, levied for debt service
Specific ownership taxes
Delinquent taxes, interest and abatements

Earnings on investments

Other

Total general revenues

Change in net position

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

Net position at end of year

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

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (6,446,208)

(380,860)

(179,941)

(366,255)

(774,774)

(286,101)

(1,404,764)

(617,186)

(684,883)

(13,635)

(47,508)

(982,395)

(722,039)

(12,906,549)

13,046,896

3,199,240

6,599,688

1,057,030

19,344

829,066

913,200

25,664,464

12,757,915

(9,084,766)

\$ 3,673,149

PLATTE VALLEY SCHOOL DISTRICT RE-7
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Total Program Reserve Fund	Bond Redemption Fund	Building Fund
Assets				
Cash	\$ 1,573,971	\$ 3,044,780	\$ 9,532,753	\$ 284,274
Cash with fiscal agent	92,711	16,242	7,348	
Investments	5,551,893			30,127,359
Accrued interest on investments				3,550
Property taxes receivable	822,176	200,927	411,143	
Due from other funds	2,443,808			179,523
Grants receivable				
Other receivables	45,228			
Inventory	19,148			
Total assets	\$ 10,548,935	\$ 3,261,949	\$ 9,951,244	\$ 30,594,706
Liabilities				
Accounts payable	\$ 12,500			\$ 341,650
Due to other funds	582,591	\$ 2,313,124		
Accrued salaries and benefits	1,431,113			
Payroll deductions and withholdings	71,346			
Unearned revenue				
Unearned grant revenue	479,970			
Total liabilities	2,577,520	2,313,124	\$ -	341,650
Fund balance				
Nonspendable inventory	19,148			
Restricted for emergencies	490,000			
Restricted for multi-year obligation	404,826			
Restricted for land dedication	17,624			
Restricted for total program reserve		948,825		
Restricted for capital projects				30,253,056
Restricted for debt service			9,951,244	
Restricted to food service				
Assigned to capital projects				
Assigned for employee benefits	45,444			
Assigned for sale of building	37,138			
Assigned to pupil activities				
Assigned to youth help				
Unassigned	6,957,235			
Total fund balance	7,971,415	948,825	9,951,244	30,253,056
Total liabilities and fund balance	\$ 10,548,935	\$ 3,261,949	\$ 9,951,244	\$ 30,594,706

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

Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	\$ 483,235	\$ 14,919,013
\$ 1,538,661		116,301
		37,217,913
		3,550
279,430	123,638	1,434,246
	173,395	3,026,399
	1,240	173,395
	27,421	46,468
		46,569
<u>\$ 1,818,091</u>	<u>\$ 808,929</u>	<u>\$ 56,983,854</u>
	\$ 2,938	\$ 357,088
	130,684	3,026,399
	65,526	1,496,639
		71,346
	16,962	16,962
	13,801	493,771
<u>\$ -</u>	<u>229,911</u>	<u>5,462,205</u>
	27,421	46,569
		490,000
		404,826
		17,624
		948,825
		30,253,056
		9,951,244
1,818,091	66,953	66,953
		1,818,091
		45,444
		37,138
	483,155	483,155
	1,489	1,489
		6,957,235
<u>1,818,091</u>	<u>579,018</u>	<u>51,521,649</u>
<u>\$ 1,818,091</u>	<u>\$ 808,929</u>	<u>\$ 56,983,854</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

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

Total fund balance - governmental funds	\$ 51,521,649
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	29,000,420
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(104,379)
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	2,785,019
Long-term liabilities, including bonds payable, net pension and OPEB liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(64,022,517)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	<u>(15,507,043)</u>
Net position (deficit) of the governmental activities	<u>\$ 3,673,149</u>

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

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Total Program Reserve Fund	Bond Redemption Fund	Building Fund
Revenues				
Local sources	\$ 14,533,019	\$ 3,269,444	\$ 6,694,526	\$ 677,726
Intermediate sources	64,608			
State sources	311,567			
Federal sources	277,112			
Total revenues	15,186,306	3,269,444	6,694,526	677,726
Expenditures				
Instruction	8,328,668			
Supporting services	5,695,485	7,495		
Capital outlay				2,569,959
Debt service				
Principal retirement			2,735,000	
Interest and fiscal charges			802,329	
Debt issuance costs				90,950
Total expenditures	14,024,153	7,495	3,537,329	2,660,909
Excess of revenues over (under) expenditures	1,162,153	3,261,949	3,157,197	(1,983,183)
Other financing sources (uses)				
Transfers in	2,313,124			
Transfers out	(278,000)	(2,313,124)		
Proceeds from bond issuance				26,575,000
Premium on bonds				3,166,607
Total other financing sources (uses)	2,035,124	(2,313,124)	-	29,741,607
Net change in fund balances	3,197,277	948,825	3,157,197	27,758,424
Fund balance at beginning of year	4,774,138	-	6,794,047	2,494,632
Fund balance at end of year	\$ 7,971,415	\$ 948,825	\$ 9,951,244	\$ 30,253,056

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

Capital Reserve Capital Projects Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 25,643	\$ 671,294	\$ 25,871,652
		64,608
	8,068	319,635
	466,067	743,179
<hr/>	<hr/>	<hr/>
25,643	1,145,429	26,999,074
	549,900	8,878,568
	583,867	6,286,847
680		2,570,639
		2,735,000
		802,329
		90,950
<hr/>	<hr/>	<hr/>
680	1,133,767	21,364,333
<hr/>	<hr/>	<hr/>
24,963	11,662	5,634,741
178,000	100,000	2,591,124
		(2,591,124)
		26,575,000
		3,166,607
<hr/>	<hr/>	<hr/>
178,000	100,000	29,741,607
202,963	111,662	35,376,348
1,615,128	467,356	16,145,301
<hr/>	<hr/>	<hr/>
\$ 1,818,091	\$ 579,018	\$ 51,521,649
<hr/>	<hr/>	<hr/>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - governmental fund	\$ 35,376,348
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	1,034,643
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(37,079)
In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences, interest, and amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	3,390,610
The bond proceeds are reported as a revenue in the governmental funds, however, they are reported as long-term liability in the statement of activities.	(26,575,000)
Bonds issued at a premium provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position.	(3,166,607)
Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>2,735,000</u>
Change in net position of governmental activities	<u><u>\$ 12,757,915</u></u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

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

A.2 – Fund accounting

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

Total Program Reserve Fund – This fund is a special revenue fund used to account for the revenues from a specific tax levy pursuant to § 22-54-107(5), C.R.S.

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

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

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

The following are the District's nonmajor governmental funds:

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.4 – Basis of accounting

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

A.7 – Inventories

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.8 – Capital assets

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

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

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

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

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

A.9 – Compensated absences

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

A.10 – Accrued liabilities and long-term obligations

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

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

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

A.11 – Fund balance

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

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

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

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

A.12 – Net Position

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

A.13 – Interfund transactions

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

A.14 – Extraordinary and special items

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

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$5,905,255, of which \$250,991 was insured and \$5,654,264 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

During the year, the District invested in ColoTrust (the Trust) and the Colorado Statewide Investment Program (CSIP), investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the pools, which operate as an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. A designated custodial bank serves as custodian for the pools portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the pools investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

CSIP also operate two portfolios, CSIP Liquid and CSIP Term. The CSIP Liquid Portfolio is a fully liquid, variable interest rate option while the CSIP Term Portfolio is a fixed-rate, fixed-term investment and investment principal and interest are paid at maturity.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

The investments in ColoTrust are maintained in the General, Building, and Capital Reserve Capital Projects funds, while the investment in CSIP is maintained in the Building Fund.

Custodial credit risk – investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At year-end, none of the District’s investments are subject to custodial credit risk.

Credit risk – State law limits investments in securities to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District’s investment policy follows state law. At year-end, credit risk for the District’s investments were as follows:

<u>Investment type</u>	<u>Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Fair Value – Level 2:			
U.S. Treasury notes	\$ 17,485,528	AA+/Aaa	S&P/Moody’s
Federal Agency notes	2,943,146	AA+/Aaa	S&P/Moody’s
Corporate notes	2,259,795	A+ and above	S&P
		A1 and above	Moody’s
Commercial paper	1,177,806	A-1/P-1	S&P/Moody’s
Certificates of deposit	1,790,690	A-1/P-1	S&P/Moody’s
NAV:			
ColoTrust Plus+	8,266,628	AAAam	S&P
CSIP LCIP	474,320	AAAam	S&P
CSIP Term	<u>2,220,000</u>	AAAf	Fitch
Total	<u>\$ 37,217,913</u>		

Concentration of credit risk – For investments, concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment as a single issuer. Investments issued or explicitly guaranteed by the U.S. government, as well as investments in external investment pools, are not categorized as to concentration of credit risk. State statutes do not limit the amount the District may invest with one issuer; however, the District’s investment policy limits the amount that may be invested with a single issuer, which varies by investment type. As of year-end, the District’s investment in Fannie Mae notes totaled \$1,886,757, which represents more than 5% of the District’s total investments.

Interest rate risk – As a means of limiting exposure to fair value losses from interest rates, Colorado Revised Statutes limit maturities to five years or less, unless the Board of Directors authorizes longer maturities. The District’s investment policy follows Colorado Revised Statutes for its investments.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Treasury notes	\$ 17,485,528	\$ -	\$17,485,528	\$ -
Federal Agency notes	2,943,146	-	2,943,146	-
Corporate notes	2,259,795	-	2,259,795	-
Commercial paper	1,777,806	1,777,806	-	-
Certificates of deposit	1,790,690	1,790,690	-	-
ColoTrust Plus+	8,266,628	8,266,628	-	-
CSIP LCIP	474,320	474,320	-	-
CSIP Term	2,220,000	2,220,000	-	-
Total	<u>\$ 37,217,913</u>	<u>\$14,529,444</u>	<u>\$22,688,469</u>	<u>\$ -</u>

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 1,434,246
Grants receivable	173,395
Accrued interest receivable	3,550
Other receivables	<u>46,468</u>
Total	<u>\$ 1,657,659</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 2,443,808	\$ 582,591
Total program reserve fund	-	2,313,124
Building fund	179,523	-
Capital reserve capital projects fund	279,430	-
Other governmental funds	<u>123,638</u>	<u>130,684</u>
Total	<u>\$ 3,026,399</u>	<u>\$ 3,026,399</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ 2,313,124	\$ 278,000
Total program reserve fund	-	2,313,124
Capital reserve capital projects fund	178,000	-
Other governmental funds	<u>100,000</u>	<u>-</u>
Total	<u>\$ 2,591,124</u>	<u>\$ 2,591,124</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred \$100,000 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District’s food service operations. The District also transferred funds in the amount of \$178,000 from the General Fund to the Capital Reserve Capital Projects Fund in order to set aside funds for capital acquisitions. The District transferred \$2,313,124 from the Total Program Reserve Fund to the General Fund to offset the amount of a reduction in the District’s state share caused by the future application of the budget stabilization factor.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 48,100	\$ -	\$ -	\$ 48,100
Water rights	259,622	-	-	259,622
Construction in progress	<u>47,377</u>	<u>1,345,150</u>	<u>-</u>	<u>1,392,527</u>
Total capital assets, not being depreciated	355,099	1,345,150	-	1,700,249
Capital assets, being depreciated:				
Buildings and improvements	40,347,783	843,756	(14,855)	41,176,684
Furniture and equipment	2,273,504	36,888	(240,537)	2,069,855
Licensed vehicles	<u>2,467,165</u>	<u>100,785</u>	<u>(791,324)</u>	<u>1,776,626</u>
Total capital assets, being depreciated	<u>45,088,452</u>	<u>981,429</u>	<u>(1,046,716)</u>	<u>45,023,165</u>
Total capital assets	45,443,551	2,326,579	(1,046,716)	46,723,414
Less accumulated depreciation for:				
Buildings and improvements	(14,041,323)	(982,395)	2,698	(15,021,020)
Furniture and equipment	(1,484,945)	(174,903)	239,140	(1,420,708)
Licensed vehicles	<u>(1,937,952)</u>	<u>(134,638)</u>	<u>791,324</u>	<u>(1,281,266)</u>
Total accumulated depreciation	<u>(17,464,220)</u>	<u>(1,291,936)</u>	<u>1,033,162</u>	<u>(17,722,994)</u>
Governmental activities capital assets, net	<u>\$ 27,979,331</u>	<u>\$ 1,034,643</u>	<u>\$ (13,554)</u>	<u>\$ 29,000,420</u>

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

Governmental activities	
Instruction	\$ 10,754
School administration	9,683
Business services	6,322
Operations and maintenance	62,468
Student transportation	134,638
Central support	68,521
Food services	17,155
Unallocated	<u>982,395</u>
Total depreciation expense	<u>\$ 1,291,936</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$1,496,639. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 63,181	\$ -	\$ (3,295)	\$ 59,886	\$ -
Net pension liability	25,341,173	-	(5,011,755)	20,329,418	-
Net OPEB liability	1,265,638	-	(266,062)	999,576	-
Bonds payable	15,085,000	26,575,000	(2,735,000)	38,925,000	2,785,000
Bond premium	<u>819,126</u>	<u>3,166,607</u>	<u>(277,096)</u>	<u>3,708,637</u>	<u>-</u>
Total	<u>\$ 42,574,118</u>	<u>\$ 29,741,607</u>	<u>\$ (8,293,208)</u>	<u>\$ 64,022,517</u>	<u>\$ 2,785,000</u>

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

Bonds payable

General obligation bonds payable consist of the following individual issues:

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

470,000

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt (Continued)

\$16,525,000 general obligation bonds, dated January 28, 2015, due in annual installments beginning in fiscal year 2020 ranging from \$1,460,000 to \$1,910,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. 8,880,000

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

\$26,575,000 general obligation bonds, dated December 30, 2019, due in annual installments beginning in fiscal year 2022 ranging from \$460,000 to \$3,830,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1st and December 1st. The bonds maturing on or before December 1, 2029 are not subject to redemption prior to their stated maturity dates. The bonds maturing on or after December 1, 2030 are subject to redemption prior to maturity at the option of the District, in whole or in part. 26,575,000

Total general obligation bonds \$ 38,925,000

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

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,785,000	\$ 1,221,563
2022	2,795,000	1,145,650
2023	2,885,000	1,050,800
2024	2,985,000	949,050
2025	3,090,000	847,200
2026-2030	16,875,000	2,799,400
2031-2032	<u>7,510,000</u>	<u>303,400</u>
Totals	<u>\$ 38,925,000</u>	<u>\$ 8,317,063</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt (Continued)

Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At year-end, \$3,345,000 of bonds outstanding are considered defeased.

Note H – Short-term debt

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

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
Short-term debt	\$ -	\$ 5,277,520	\$ 5,277,520	\$ -

Note I – Defined benefit pension plan

Summary of significant accounting policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension 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.

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

General information about the pension plan

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

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. Section 24-51-602, 604, 1713, and 1714.

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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

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

As of December 31, 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. Section 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. Section 24-51-413.

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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. Section 24-51-401, *et seq.* and Section 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. Employer contribution requirements are summarized in the table below:

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

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

As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225 million 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,579,689 for the year.

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 year-end, the District reported a liability of \$20,329,418 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	\$ 20,329,418
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>2,578,528</u>
Total	<u>\$ 22,907,946</u>

At December 31, 2019, the District's proportion was 0.1361 percent, which was a decrease of 0.0007 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension income of \$1,508,014 and revenue of \$113,737 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,137,522	\$ -
Changes of assumptions or other inputs	678,973	9,698,144
Net difference between projected and actual earnings on pension plan investments	-	2,515,102
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	3,054,642
Contributions subsequent to the measurement date	<u>794,512</u>	<u>-</u>
Total	<u>\$ 2,611,007</u>	<u>\$ 15,267,888</u>

\$794,512 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2021	\$ (7,280,785)
2022	(5,200,920)
2023	(150,482)
2024	<u>(819,206)</u>
Totals	<u>\$(13,451,393)</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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.

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (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:

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 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 will provide 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.
- 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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 determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 26,961,161	\$ 20,329,418	\$ 14,761,492

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.

Payables to the pension plan

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

Note J – Defined contribution pension plan

Voluntary Investment Program

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note J – Defined contribution pension plan (Continued)

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$137,795 and the District recognized pension expense of \$166,070 for the Voluntary Investment Program.

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

Summary of significant accounting policies

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

General information about the OPEB plan

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$83,157 for the year ended.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

At year-end, the District reported a liability of \$999,576 for its proportionate share of the net OPEB liability. The net pension 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 0.0889 percent, which was a decrease of 0.0041 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$54,966. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,375	\$ 168,034
Changes of assumptions or other inputs	8,606	-
Net difference between projected and actual earnings on OPEB plan investments	-	16,109
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,386	55,012
Contributions subsequent to the measurement date	<u>41,816</u>	<u>-</u>
Total	<u>\$ 76,183</u>	<u>\$ 239,155</u>

\$41,816 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

Year Ended June 30, _____	<u>Amount</u>
2021	\$ (41,709)
2022	(41,709)
2023	(36,792)
2024	(40,691)
2025	(41,387)
2026	<u>(2,500)</u>
Total	<u>\$ (204,788)</u>

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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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.

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:

<u>Medicare Plan</u>	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:

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

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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%

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

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:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

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

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

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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.

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

	<u>1% Decrease</u> <u>in Trend Rates</u>	<u>Current</u> <u>Trend Rates</u>	<u>1% Increase</u> <u>in Trend Rates</u>
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	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 975,832	\$ 999,576	\$ 1,027,015

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.
- 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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 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 <u> (6.25%)</u>	Current Discount Rate <u> (7.25%)</u>	1% Increase <u> (8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>1,130,222</u>	\$ <u>999,576</u>	\$ <u>887,847</u>

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.

Payables to the OPEB plan

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

Note L – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool’s objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District’s contribution for the year was \$190,015. The District continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance.

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note M - Commitments and contingencies

TABOR Amendment

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

The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$490,000 for the emergency reserve.

Federal and state funding

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

Budget law

Expenditures in the Total Program Reserve Fund and the Governmental Designated Purpose Grants Fund exceeded appropriations by \$7,495 and \$7,042, respectively, and may be in violation of Colorado Local Government Budget Laws.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note N – Joint venture

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

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

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

For the year, the District’s financial contribution to the BOCES was \$158,112.

Note O – Termination Benefits

The District has entered into early retirement agreements under the District’s Voluntary Early Retirement of Employees policy. These agreements call for payments in the total amount of \$83,197 to be paid out in fiscal year 2020.

Note P – Prior period restatement

The District previously reported the activity of the Pupil Activity Fund in a fiduciary fund. Beginning in fiscal year 2020, such activity has been more appropriately reported in a special revenue fund. Accordingly, the governmental activities report a restated beginning net position (deficit) of \$(9,084,766).

Beginning governmental activities net position (deficit) as originally reported	\$ (9,489,283)
Pupil activity fund reclassification	<u>404,517</u>
Beginning net position (deficit), as restated	<u>\$ (9,084,766)</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note Q – Property tax revenue recognition

The District defines the length of time used for “available” for purposes of property tax revenue recognition in the governmental fund financial statements to be 60 days (See Note A.4). House Bill 20-1421 was passed on June 12, 2020 and signed into law on June 14, 2020 by Governor Jared Polis. This bill allows a temporary reduction, waiver, or suspension of delinquent interest payments for property tax payments. The Weld County Board of County Commissioners unanimously voted to adopt this bill on June 15, 2020. Because of this bill, certain taxpaying entities within Weld County have chosen to delay property tax payments beyond their usual remittance period. As such, the District has extended the available period from 60 to 180 days for the current fiscal year only to allow for a more consistent reporting of property tax revenues.

Required Supplementary Information

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 14,158,512	\$ 13,205,217	\$ 14,533,019	\$ 1,327,802
Intermediate sources	5,000	33,367	64,608	31,241
State sources	160,000	55,440	311,567	256,127
Federal sources	32,000	27,000	277,112	250,112
Total revenues	14,355,512	13,321,024	15,186,306	1,865,282
Expenditures				
Instruction	8,528,688	8,296,162	8,328,668	(32,506)
Supporting services	5,756,824	5,686,088	5,695,485	(9,397)
Reserve for contingency	4,542,505	4,774,138		4,774,138
Total expenditures	18,828,017	18,756,388	14,024,153	4,732,235
Excess of revenues over (under) expenditures	(4,472,505)	(5,435,364)	1,162,153	6,597,517
Other financing sources (uses)				
Transfers in			2,313,124	2,313,124
Transfers out	(70,000)	(278,000)	(278,000)	-
Total other financing sources (uses)	(70,000)	(278,000)	2,035,124	2,313,124
Net change in fund balance	\$ (4,542,505)	\$ (5,713,364)	3,197,277	\$ 8,910,641
Fund balance at beginning of year			4,774,138	
Fund balance at end of year			\$ 7,971,415	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Total Program Reserve Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 2,974,585	\$ 2,877,467	\$ 3,199,240	\$ 321,773
Specific ownership taxes			70,175	70,175
Delinquent taxes and interest			29	29
Total revenues	2,974,585	2,877,467	3,269,444	391,977
Expenditures				
Supporting services				
Purchased services			7,495	(7,495)
Total expenditures	-	-	7,495	(7,495)
Excess of revenues over expenditures	2,974,585	2,877,467	3,261,949	384,482
Other financing uses				
Transfers out			(2,313,124)	(2,313,124)
Net change in fund balance	<u>\$ 2,974,585</u>	<u>\$ 2,877,467</u>	948,825	<u>\$ (1,928,642)</u>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 948,825</u>	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
PERA's School Division Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net pension liability	0.1361%	0.1431%	0.1592%	0.1616%
District's proportionate share of the net pension liability	\$ 20,329,418	\$ 25,341,173	\$ 51,477,544	\$ 48,110,414
State's proportionate share of the net pension liability	<u>2,578,528</u>	<u>3,465,053</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 22,907,946</u>	<u>\$ 28,806,226</u>	<u>\$ 51,477,544</u>	<u>\$ 48,110,414</u>
District's covered payroll	\$ 7,996,252	\$ 7,867,715	\$ 7,343,091	\$ 7,252,209
District's proportionate share of the net pension liability as a percentage of its covered payroll	254.24%	322.09%	701.03%	663.39%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.10%

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

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

<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.1659%	0.1639%	0.1524%
\$ 25,367,408	\$ 22,220,071	\$ 19,434,669
-	-	-
<u>\$ 25,367,408</u>	<u>\$ 22,220,071</u>	<u>\$ 19,434,669</u>
\$ 7,228,219	\$ 6,868,124	\$ 6,142,494
350.95%	323.52%	316.40%
59.20%	62.84%	64.06%

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
PERA's School Division Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 1,579,689	\$ 1,406,609	\$ 1,414,928	\$ 1,329,171
Contributions in relation to the contractually required contribution	<u>(1,579,689)</u>	<u>(1,406,609)</u>	<u>(1,414,928)</u>	<u>(1,329,171)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,152,659	\$ 7,352,896	\$ 7,493,256	\$ 7,231,054
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.38%

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

<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 1,277,084	\$ 1,181,839	\$ 1,067,691
<u>(1,277,084)</u>	<u>(1,181,839)</u>	<u>(1,067,691)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,196,480	\$ 6,991,277	\$ 6,668,559
17.75%	16.90%	16.01%

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.0889%	0.0930%	0.0904%	0.0918%
District's proportionate share of the net OPEB liability	\$ 999,576	\$ 1,265,638	\$ 1,175,478	\$ 1,190,823
District's covered payroll	\$ 7,996,252	\$ 7,867,715	\$ 7,343,091	\$ 7,252,209
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
PERA's Health Care Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 83,157	\$ 75,000	\$ 76,431	\$ 73,757
Contributions in relation to the contractually required contribution	<u>(83,157)</u>	<u>(75,000)</u>	<u>(76,431)</u>	<u>(73,757)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,152,659	\$ 7,352,896	\$ 7,493,256	\$ 7,231,054
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

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

Note A – Budgetary data

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

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

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

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

Other Supplementary Information

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

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General Fund

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 13,086,512	\$ 11,795,924	\$ 13,074,659	\$ 1,278,735
Specific ownership taxes	810,000	919,545	986,855	67,310
Delinquent taxes and interest			713	713
Abatements		13,163	18,383	5,220
Earnings on investments	30,000	39,945	40,394	449
Pupil activities	52,000	48,927	51,697	2,770
Other local revenue	180,000	387,713	360,318	(27,395)
Total local sources	14,158,512	13,205,217	14,533,019	1,327,802
Intermediate sources	5,000	33,367	64,608	31,241
State sources				
ELPA professional development	20,000	28,270	62,543	34,273
English language proficiency	(20,000)			-
CPP tax check off		1,075	1,075	-
Special education		(183,442)	(183,442)	-
Gifted and talented		(2,453)	(17,900)	(15,447)
Transportation			(1,374)	(1,374)
State grants to libraries		5,000	5,000	-
Small rural funding	120,000	120,419	120,419	-
At risk funding		6,721	6,721	-
Career success pilot program		6,000	6,000	-
Kindergarten capital construction		38,694	38,694	-
READ Act	40,000	35,156	35,156	-
Revenue from other state agencies			2,227	2,227
State on-behalf payment			195,299	195,299
Services within the BOCES			41,149	41,149
Total state sources	160,000	55,440	311,567	256,127
Federal sources				
Coronavirus relief			250,205	250,205
Improving student health	17,000	16,000	16,353	353
National forest land payments	4,000			-
Services within the BOCES	11,000	11,000	10,554	(446)
Total federal sources	32,000	27,000	277,112	250,112
Total revenues	\$ 14,355,512	\$ 13,321,024	\$ 15,186,306	\$ 1,865,282

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PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 5,622,640	\$ 5,399,738	\$ 5,347,556	\$ 52,182
Employee benefits	2,043,080	1,854,024	2,025,510	(171,486)
Purchased services	590,114	725,494	662,502	62,992
Supplies and materials	254,304	267,420	235,697	31,723
Property	18,550	49,486	57,403	(7,917)
Total instruction	8,528,688	8,296,162	8,328,668	(32,506)
Supporting services				
Students				
Salaries	271,299	234,238	219,613	14,625
Employee benefits	109,313	85,237	90,501	(5,264)
Purchased services	57,570	152,034	152,531	(497)
Supplies and materials	6,948	6,948	3,326	3,622
Property	500	500		500
Total students	445,630	478,957	465,971	12,986
Instructional staff				
Salaries	191,750	175,330	157,698	17,632
Employee benefits	82,190	79,544	79,009	535
Purchased services	43,043	45,239	41,893	3,346
Supplies and materials	24,933	31,609	23,526	8,083
Property	4,300	4,300	268	4,032
Total instructional staff	346,216	336,022	302,394	33,628
General administration				
Salaries	236,500	257,500	246,548	10,952
Employee benefits	95,548	105,305	110,470	(5,165)
Purchased services	82,950	89,971	90,000	(29)
Supplies and materials	3,000	3,000	1,006	1,994
Property	1,500	1,500		1,500
Other	9,000	2,431	11,102	(8,671)
Total general administration	428,498	459,707	459,126	581

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	848,500	865,231	861,304	3,927
Employee benefits	280,180	284,823	304,712	(19,889)
Purchased services	6,250	6,250	3,791	2,459
Property	83,000	77,902	80,791	(2,889)
Total school administration	1,217,930	1,234,206	1,250,598	(16,392)
Business services				
Salaries	187,000	190,000	190,777	(777)
Employee benefits	61,136	61,990	66,985	(4,995)
Purchased services	84,103	86,491	107,578	(21,087)
Supplies and materials	7,150	7,071	43,026	(35,955)
Property	2,000	-	-	-
Total business services	341,389	345,552	408,366	(62,814)
Operations and maintenance				
Salaries	647,809	590,576	574,509	16,067
Employee benefits	239,194	205,248	217,250	(12,002)
Purchased services	402,460	398,864	387,785	11,079
Supplies and materials	474,100	439,865	358,656	81,209
Property	8,833	8,833	6,289	2,544
Total operations and maintenance	1,772,396	1,643,386	1,544,489	98,897
Student transportation				
Salaries	408,800	359,907	356,775	3,132
Employee benefits	110,875	116,400	126,544	(10,144)
Purchased services	44,526	41,659	37,062	4,597
Supplies and materials	110,525	98,700	98,943	(243)
Property	1,100	1,100	-	1,100
Other	-	-	443	(443)
Total student transportation	675,826	617,766	619,767	(2,001)

(continued)

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	208,500	247,500	244,675	2,825
Employee benefits	68,875	80,658	86,820	(6,162)
Purchased services	226,864	219,634	162,958	56,676
Supplies and materials	20,700	18,700	149,997	(131,297)
Property	4,000	4,000	587	3,413
Other			(1,521)	1,521
Total central support services	528,939	570,492	643,516	(73,024)
Food service operations				
Salaries			1,051	(1,051)
Employee benefits			207	(207)
Total food service operations	-	-	1,258	(1,258)
Total supporting services	5,756,824	5,686,088	5,695,485	(9,397)
Reserve for contingency	4,542,505	4,774,138		4,774,138
Total expenditures	<u>\$ 18,828,017</u>	<u>\$ 18,756,388</u>	<u>\$ 14,024,153</u>	<u>\$ 4,732,235</u>

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

The District reports the following nonmajor governmental funds:

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Food Service Fund	Governmental Designated Purpose Grants Fund	Pupil Activity Fund	Total
Assets				
Cash	\$ 80		\$ 483,155	\$ 483,235
Due from other funds	123,638			123,638
Grants receivable		\$ 173,395		173,395
Other receivables	1,240			1,240
Inventory	27,421			27,421
Total assets	\$ 152,379	\$ 173,395	\$ 483,155	\$ 808,929
Liabilities				
Accounts payable	\$ 2,938			\$ 2,938
Due to other funds		\$ 130,684		130,684
Accrued salaries and benefits	36,616	28,910		65,526
Unearned revenue	16,962			16,962
Unearned grant revenue		13,801		13,801
Total liabilities	56,516	173,395	\$ -	229,911
Fund balance				
Nonspendable for inventory	27,421			27,421
Restricted to food service	66,953			66,953
Assigned to youth help	1,489			1,489
Assigned to pupil activities			483,155	483,155
Total fund balance	95,863	-	483,155	579,018
Total liabilities and fund balance	\$ 152,379	\$ 173,395	\$ 483,155	\$ 808,929

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2020

	Food Service Fund	Governmental Designated Purpose Grants Fund	Pupil Activity Fund	Total
Revenues				
Local sources	\$ 126,027		\$ 545,267	\$ 671,294
State sources	8,068			8,068
Federal sources	270,412	\$ 195,655		466,067
Total revenues	404,507	195,655	545,267	1,145,429
Expenditures				
Instruction		83,271	466,629	549,900
Supporting services	471,483	112,384		583,867
Total expenditures	471,483	195,655	466,629	1,133,767
Excess of revenues over (under) expenditures	(66,976)	-	78,638	11,662
Other financing sources				
Transfers in	100,000			100,000
Net change in fund balances	33,024	-	78,638	111,662
Fund balance at beginning of year	62,839	-	404,517	467,356
Fund balance at end of year	\$ 95,863	\$ -	\$ 483,155	\$ 579,018

PLATTE VALLEY SCHOOL DISTRICT RE-7
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues	\$ 147,000	\$ 129,638	\$ 126,027	\$ (3,611)
State sources	6,150	8,068	8,068	-
Federal sources	243,000	244,894	270,412	25,518
Total revenues	396,150	382,600	404,507	21,907
Expenditures				
Supporting services				
Salaries	186,525	176,029	180,851	(4,822)
Employee benefits	101,625	97,785	96,195	1,590
Purchased services	7,050	5,050	4,624	426
Supplies and materials	207,900	196,296	189,813	6,483
Property	1,000			-
Appropriated reserves	49,564	62,839		62,839
Total expenditures	553,664	537,999	471,483	66,516
Excess of revenues over (under) expenditures	(157,514)	(155,399)	(66,976)	(44,609)
Other financing sources				
Transfers in	70,000	100,000	100,000	-
Net change in fund balance	\$ (87,514)	\$ (55,399)	33,024	\$ 88,423
Fund balance at beginning of year			62,839	
Fund balance at end of year			\$ 95,863	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal sources				
Services within the BOCES	\$ 166,082	\$ 188,613	\$ 195,655	\$ 7,042
Expenditures				
Instruction				
Salaries	60,908	68,855	67,488	1,367
Employee benefits		719	569	150
Purchased services		277	277	-
Supplies and materials	10,183	12,068	14,937	(2,869)
Total instruction	71,091	81,919	83,271	(1,352)
Supporting services				
Salaries	88,244	93,973	95,042	(1,069)
Employee benefits			11,592	(11,592)
Purchased services	5,129	7,421	3,774	3,647
Supplies and materials	1,618	5,300	1,976	3,324
Total supporting services	94,991	106,694	112,384	(5,690)
Total expenditures	166,082	188,613	195,655	(7,042)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 680,000	\$ 539,384	\$ 545,267	\$ 5,883
Expenditures				
Pupil activity expenditures				
Purchased services			45,847	(45,847)
Supplies and materials	680,000	444,459	420,782	23,677
Appropriated reserves	319,417	298,541		298,541
Total expenditures	999,417	743,000	466,629	276,371
Net change in fund balance	\$ (319,417)	\$ (203,616)	78,638	\$ 282,254
Fund balance at beginning of year			404,517	
Fund balance at end of year			\$ 483,155	

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,237,973	\$ 5,948,821	\$ 6,609,004	\$ 660,183
Delinquent taxes and interest			219	219
Interest on investments	50,000	91,000	85,303	(5,697)
Total revenues	3,287,973	6,039,821	6,694,526	654,705
Expenditures				
Debt service				
Purchased services	1,700	12,582	1,496	11,086
Principal retirement	2,735,000	2,735,000	2,735,000	-
Interest and fiscal charges	442,250	442,250	800,833	(358,583)
Appropriated reserves	6,775,025	6,794,047		6,794,047
Total expenditures	9,953,975	9,983,879	3,537,329	6,446,550
Net change in fund balance	\$ (6,666,002)	\$ (3,944,058)	3,157,197	\$ 7,101,255
Fund balance at beginning of year			6,794,047	
Fund balance at end of year			\$ 9,951,244	

Budgetary Comparison Schedules – Capital Projects Funds

The District reports the following major capital projects funds:

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Earnings on investments	\$ 35,000	\$ 183,465	\$ 677,726	\$ 494,261
Expenditures				
Capital outlay				
Purchased services	20,000	54,325	40,050	14,275
Property	762,750	2,128,650	2,529,909	(401,259)
Debt service				
Debt issuance costs		29,000	90,950	(61,950)
Appropriated reserves	1,914,039	2,494,632		2,494,632
Total expenditures	<u>2,696,789</u>	<u>4,706,607</u>	<u>2,660,909</u>	<u>2,045,698</u>
Excess of revenues over (under) expenditures	(2,661,789)	(4,523,142)	(1,983,183)	2,539,959
Other financing sources				
Proceeds from bond issuance		29,646,607	26,575,000	(3,071,607)
Premium on bonds			3,166,607	3,166,607
Total other financing sources	<u>-</u>	<u>29,646,607</u>	<u>29,741,607</u>	<u>95,000</u>
Net change in fund balance	<u>\$ (2,661,789)</u>	<u>\$ 25,123,465</u>	<u>27,758,424</u>	<u>\$ 2,634,959</u>
Fund balance at beginning of year			<u>2,494,632</u>	
Fund balance at end of year			<u><u>\$ 30,253,056</u></u>	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 25,000	\$ 25,013	\$ 25,643	\$ 630
Expenditures				
Capital outlay				
Supplies and materials			680	(680)
Property	50,976	50,000		50,000
Appropriated reserves	1,563,810	1,615,128		1,615,128
Total expenditures	1,614,786	1,665,128	680	1,664,448
Excess of revenues over (under) expenditures	(1,589,786)	(1,640,115)	24,963	1,665,078
Other financing sources				
Transfers in		178,000	178,000	-
Net change in fund balance	<u>\$ (1,589,786)</u>	<u>\$ (1,462,115)</u>	202,963	<u>\$ 1,665,078</u>
Fund balance at beginning of year			<u>1,615,128</u>	
Fund balance at end of year			<u>\$ 1,818,091</u>	

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**Colorado Department of Education
Supplementary Schedule**

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

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Independent Auditors' Report on Auditors' Integrity Report

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

We have audited financial statements of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 2020, and our report thereon dated October 7, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 7, 2020



Colorado Department of Education
Auditors Integrity Report
 District: 3130 - Platte Valley RE-7
 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	4,774,138	17,221,430	14,024,153	7,971,415
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	4,774,138	17,221,430	14,024,153	7,971,415
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	956,321	7,496	948,825
21 Food Service Spec Revenue Fund	62,839	504,506	471,483	95,863
22 Govt Designated-Purpose Grants Fund	0	195,655	195,655	0
23 Pupil Activity Special Revenue Fund	404,517	545,267	466,629	483,155
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	6,794,047	6,694,526	3,537,329	9,951,244
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	2,494,632	30,419,333	2,660,909	30,253,056
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,615,128	203,644	680	1,818,091
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	16,145,301	56,740,682	21,364,332	51,521,651
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