

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2021

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2.
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 6.
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	7.
STATEMENT OF ACTIVITIES	8.
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	9.
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	10.
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	11.
RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	12.
NOTES TO BASIC FINANCIAL STATEMENTS	13 – 38.
REQUIRED SUPPLEMENTAL INFORMATION	
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	39.
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SCHDTF	40.
SCHEDULE OF DISTRICT CONTRIBUTIONS - SCHDTF	41.
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HCTF	42.
SCHEDULE OF DISTRICT CONTRIBUTIONS - HCTF	43.
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION	44.
SUPPLEMENTAL INFORMATION	
INDIVIDUAL FUND FINANCIAL STATEMENTS – MAJOR FUND	
GENERAL FUND	45 – 46.
COMBINING FUND FINANCIAL STATEMENTS – NONMAJOR FUNDS	47 – 48.
INDIVIDUAL FUND FINANCIAL STATEMENTS AND BUDGET SCHEDULES – NONMAJOR FUNDS	
FOOD SERVICE – SPECIAL REVENUE FUND	49 – 50.
STUDENT ACTIVITY – SPECIAL REVENUE FUND	51 – 52.
STUDENT ACTIVITY AGENCY FUND – FIDUCIARY FUND	53.
COLORADO DEPARTMENT OF EDUCATION AUDITORS' ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES	

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
601 SOUTH EIGHTH STREET
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812
Andrew H. Froese CPA 719-980-1962

INDEPENDENT AUDITORS' REPORT

Board of Education
Karval School District RE-23
Karval, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Karval School District RE-23, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Karval School District RE-23's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 Karval School District RE-23, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the 2021 financial statements have been restated to reflect the reclassification of student activities to a special revenue fund. This restatement also impacted the governmental activities. Our opinion is not modified with respect to this matter.

Other Matters

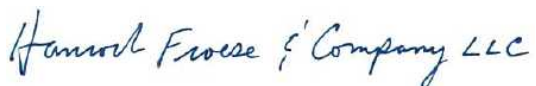
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension/OPEB schedules 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 Karval School District RE-23's basic financial statements. The individual major fund financial statements, the combining and individual nonmajor fund financial statements and the Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual major fund financial statements, the combining and individual nonmajor fund financial statements and the Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual major fund financial statements, the combining and individual nonmajor fund financial statements and the Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures are fairly stated, in all material respects in relation to the basic financial statements as a whole.



Hancock Froese & Company LLC

Rocky Ford, Colorado
November 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Management of Karval School District RE-23 (the "District") offers readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. Management encourages readers to consider the information presented here in conjunction with additional information provided in the Independent Auditors' report.

FINANCIAL HIGHLIGHTS

- In governmental activities, the District's assets and deferred outflow of resources were exceeded by its liabilities and deferred inflows of resources at the close of the fiscal year by \$(341,467) (net deficit).
- The District's governmental funds' assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$903,992 (fund balance). Of this amount, \$785,953 (unassigned fund balance) may be used to meet the District's ongoing obligations.
- As of the end of the fiscal year, the District's governmental funds reported an increase in fund balance of \$60,745 from the prior year fund balance. The District had adequate resources available for all appropriations.

OVERVIEW OF FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Karval School District RE-23's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Changes in net position from year to year may be used as an indicator of the overall financial position of the District. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents the current fiscal year revenues and expenses to show how the net position of the district changed during the year. In the statement of activities, changes in net position are recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in future fiscal years.

The government-wide financial statements include all governmental activities.

Governmental activities: Most of the District's basic services are included here, such as instruction, supporting services, transportation, maintenance and operations, food services and administration. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finances most of these activities. This information is comprised of all of the following Karval School District RE-23 funds – general fund (which includes the preschool fund), food service fund and student activity fund.

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. All of the funds of the District can be divided into two categories: governmental funds and a fiduciary fund.

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). Such information is used to evaluate the District's short-term financing requirements. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's near-term financing decisions.

Fiduciary Fund

The District is the agent, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in this fund is used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The District uses the fiduciary fund to account for its student activity agency fund. As discussed in Note 17 to the financial statements, the 2021 financial statements have been restated to reflect the reclassification of pupil activities to a special revenue fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The assets of the Karval School District RE-23 are classified as current assets and capital assets. Cash, receivables and inventories are current assets. These assets are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, buildings, improvements, equipment and vehicles.

The following tables provide a summary of the District's net position (deficit) as of June 30, 2021 and 2020:

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets	\$ 996,579	\$ 1,006,710
Capital Assets	<u>972,528</u>	<u>986,737</u>
Total Assets	1,969,107	2,210,470
Deferred Outflows of Resources	<u>274,284</u>	<u>160,060</u>
Total Assets & Deferred Outflow of Resources	<u>\$ 2,243,391</u>	<u>\$ 2,153,507</u>
Liabilities:		
Current Liabilities	\$ 85,387	\$ 178,930
Noncurrent Liabilities	<u>1,448,071</u>	<u>1,382,337</u>
Total Liabilities	<u>1,533,458</u>	<u>1,561,267</u>
Deferred Inflows of Resources	<u>1,051,400</u>	<u>1,257,817</u>
Net Position (Deficit):		
Net Investment in Capital Assets	972,528	986,737
Restricted	38,450	33,234
Unrestricted	<u>(1,352,445)</u>	<u>(1,685,548)</u>
Total Net Position (Deficit)	<u>(341,467)</u>	<u>(665,577)</u>
Total Liabilities, Deferred Inflow of Resources & Net Position (Deficit)	<u>\$ 2,243,391</u>	<u>\$ 2,153,507</u>

Changes in Net Position as of June 30, 2021 and 2020

Following is a summary of the District's change in net position for the years ending June 30, 2021 and 2020:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 3,119	\$ 5,741
Operating Grants & Contributions	286,515	137,577
Capital Grants & Contributions	12,109	-
General Revenues:		
Taxes:		
Property Taxes	180,349	175,426
Specific Ownership Taxes	18,923	19,714
School Finance Act	625,518	665,691
Earnings on Investments	1,463	1,601
Other	<u>69,258</u>	<u>53,832</u>
Total Revenues	<u>1,197,254</u>	<u>1,059,582</u>
Expenses		
Governmental Activities:		
Instruction	559,004	407,801
Non-Instructional	24,560	1,904
Support Service	423,533	462,366
Food Service Operations	44,944	31,837
Pension Cost (Revenue)	(148,607)	230,988
OPEB Cost (Revenue)	<u>5,877</u>	<u>7,181</u>
Total Expenses	<u>909,311</u>	<u>1,142,077</u>
Change in Net Position	<u>287,943</u>	<u>(82,495)</u>
Net Position – Beginning	(665,577)	(583,082)
Prior Period Restatement	<u>36,167</u>	<u>-</u>
Net Position – Beginning (As Restated)	<u>(629,410)</u>	<u>(583,082)</u>
Net Position – Ending	<u>\$ (341,467)</u>	<u>\$ (665,577)</u>

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$625,518. In fiscal year 2020-2021, the funded pupil count is 50 which includes CPP and full day kindergarten. Funding for the School Finance Act comes from property taxes, specific ownership taxes and state equalization. The District received approximately 53 percent of its funding from state equalization while the remaining amount comes from property taxes, specific ownership taxes and other revenue sources.

Governmental activities for the year ended June 30, 2021 increased the Karval School District RE-23's net position by \$287,943.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of Karval School District RE-23's net resources available for spending at the end of the fiscal year.

The general fund is the major governmental fund of the Karval School District RE-23. The general fund includes the preschool sub-fund. As of June 30, 2021, the general fund shows an ending fund balance of \$818,453 up from \$758,755 for the prior year.

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.

- Actual revenues in the general fund were \$93,196 more than anticipated.
- The actual expenditures were \$720,552 under budget.
- The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2021, the District's TABOR reserve amounted to \$32,500.

CAPITAL ASSETS

The District's net investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$972,528. This is a total cost of \$2,051,152 less accumulated depreciation of \$1,078,624. This net investment in capital assets includes land, buildings and improvements, site improvements, equipment, and vehicles all with an original cost greater than \$5,000. Additional information of the District's capital assets can be found in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for 2021-2022 will be comparable to the 2020-2021 budget. Any increase in revenues that the District may receive will be used to offset the increase in expenditures primarily related to retirement benefits, utilities, PERA increases, fuel costs and any other increase in general operations due to COVID-19. The District has added no major programs or initiatives to the 2021-2022 budget. If these estimates are realized, the District's budgetary general fund balance is not expected to change by the close of 2022.

The District administration, staff and the board continue to work to provide seamless communications with parents and the community, and to offer high quality 21st century instruction in a safe rural community. The primary short-term goal for the District is to maintain and grow the enrollment of the District and focus on instruction and curriculum of the school.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors 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 Superintendent, Karval School District RE-23, P.O. Box 5, Karval, CO 80823.

BASIC FINANCIAL STATEMENTS

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

STATEMENT OF NET POSITION

JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 940,678	\$ 940,678
Receivables:		
Accounts	10,901	10,901
Grants	36,190	36,190
Property Taxes	7,200	7,200
Inventory	1,610	1,610
TOTAL CURRENT ASSETS	<u>996,579</u>	<u>996,579</u>
CAPITAL ASSETS		
Land	8,000	8,000
Buildings, Vehicles and Equipment	2,043,152	2,043,152
Accumulated Depreciation	(1,078,624)	(1,078,624)
CAPITAL ASSETS NET OF DEPRECIATION	<u>972,528</u>	<u>972,528</u>
TOTAL ASSETS	<u>1,969,107</u>	<u>1,969,107</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	262,811	262,811
OPEB Related Amounts	11,473	11,473
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>274,284</u>	<u>274,284</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	1,095	1,095
Accrued Salaries and Benefits	63,833	63,833
Unearned Revenues	20,459	20,459
TOTAL CURRENT LIABILITIES	<u>85,387</u>	<u>85,387</u>
NONCURRENT LIABILITIES		
Compensated Absences	6,713	6,713
Net Pension Liability	1,390,850	1,390,850
Net OPEB Liability	50,508	50,508
TOTAL NONCURRENT LIABILITIES	<u>1,448,071</u>	<u>1,448,071</u>
TOTAL LIABILITIES	<u>1,533,458</u>	<u>1,533,458</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	1,016,411	1,016,411
OPEB Related Amounts	34,989	34,989
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,051,400</u>	<u>1,051,400</u>
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	972,528	972,528
Restricted for:		
TABOR Reserve	32,500	32,500
Food Service	5,950	5,950
Unrestricted	(1,352,445)	(1,352,445)
TOTAL NET POSITION (DEFICIT)	<u>\$ (341,467)</u>	<u>\$ (341,467)</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 559,004	\$ -	\$ 229,155	\$ 12,109	\$ (317,740)
Support Services	423,533	-	29,073	-	(394,460)
Non Instructional	24,560	-	-	-	(24,560)
Food Services	44,944	3,119	28,287	-	(13,538)
OPEB Expense	5,877	-	-	-	(5,877)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,057,918	\$ 3,119	\$ 286,515	\$ 12,109	(756,175)

GENERAL REVENUES

Local Property Taxes	180,349
Specific Ownership Taxes	18,923
School Finance Act	625,518
Earnings on Investments	1,463
Pension Revenue	148,607
Other	69,258

TOTAL GENERAL REVENUES 1,044,118

CHANGE IN NET POSITION 287,943

NET POSITION (DEFICIT) - BEGINNING (665,577)

PRIOR PERIOD RESTATEMENT 36,167

NET POSITION (DEFICIT) - BEGINNING (AS RESTATED) (629,410)

NET POSITION (DEFICIT) - ENDING \$ (341,467)

See Notes to Financial Statements

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	GENERAL	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 854,581	\$ 86,097	\$ 940,678
Receivables			
Accounts	9,763	1,138	10,901
Grants	36,190	-	36,190
Property Taxes	7,200	-	7,200
Inventory	-	1,610	1,610
	\$ 907,734	\$ 88,845	\$ 996,579
LIABILITIES			
Accounts Payable	\$ 1,095	\$ -	\$ 1,095
Accrued Salaries and Benefits	60,527	3,306	63,833
Unearned Revenue	20,459	-	20,459
	82,081	3,306	85,387
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	7,200	-	7,200
FUND BALANCE			
Nonspendable	-	1,610	1,610
Restricted:			
TABOR Reserve	32,500	-	32,500
Food Services	-	5,950	5,950
Assigned	-	77,979	77,979
Unassigned	785,953	-	785,953
	818,453	85,539	903,992
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 907,734	\$ 88,845	\$ 996,579

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2021

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Governmental Funds Total Fund Balances		\$ 903,992
Unearned property tax revenue. Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government wide financial statements.		7,200
Capital assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.		2,051,152
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.		(1,078,624)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated Absences	\$ (6,713)	
Net Pension Liability	(1,390,850)	
Deferred Outflows of Resources - Pension Related Amounts	262,811	
Deferred Inflows of Resources - Pension Related Amounts	(1,016,411)	
Net OPEB Liability	(50,508)	
Deferred Outflows of Resources - OPEB Related Amounts	11,473	
Deferred Inflows of Resources - OPEB Related Amounts	(34,989)	
		(2,225,187)
Governmental Activities Net Position (Deficit)		\$ (341,467)

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	GENERAL	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 259,402	\$ 27,211	\$ 286,613
State Sources	698,277	159	698,436
Federal Sources	197,579	28,128	225,707
	1,155,258	55,498	1,210,756
TOTAL REVENUES			
EXPENDITURES			
Instruction	591,989	-	591,989
Support Services	455,992	-	455,992
Non Instructional	-	24,560	24,560
Food Service Operations	-	41,891	41,891
Capital Outlay	35,579	-	35,579
	1,083,560	66,451	1,150,011
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	71,698	(10,953)	60,745
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(12,000)	12,000	-
	59,698	1,047	60,745
NET CHANGE IN FUND BALANCE			
FUND BALANCE JULY 1	758,755	48,325	807,080
PRIOR PERIOD RESTATEMENT	-	36,167	36,167
FUND BALANCE JULY 1 - AS RESTATED	758,755	84,492	843,247
FUND BALANCE JUNE 30	\$ 818,453	\$ 85,539	\$ 903,992

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

Governmental Funds Changes in Fund Balances	\$	60,745
<p>Unearned property tax revenue. Revenues that do not provide current financial resources are deferred on the governmental fund statements but recognized on the government - wide financial statements.</p>		
		(13,500)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays differ from depreciation in the current period.</p>		
Capital Outlay	\$	35,579
Depreciation Expense		<u>(49,788)</u>
		(14,209)
<p>Unearned property taxes of the prior year. Property taxes earned but deferred in the prior year and recognized in the current year are recognized in the prior year net position on the statement of activities.</p>		
		-
<p>In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect of compensated absences and pension related amounts on the statement of</p>		
Compensated Absences	\$	375
Pension Related Amounts		254,955
OPEB Related Amounts		<u>(423)</u>
		<u>254,907</u>
Governmental Activities Change in Net Position	\$	<u><u>287,943</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Karval School District RE-23 (the "District") is governed by an elected five-member Board of Education. The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Karval, Colorado. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The accounting policies of the District conform to generally accepted accounting principles, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The following is a summary of the District's significant accounting policies.

REPORTING ENTITY

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

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and amended by GASB No. 39 and GASB No. 61. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District (the primary government) and its component units, if applicable. The District does not include any component unit nor is it a component unit of any other entity.

Jointly Governed Organizations

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

The District in conjunction with other local school districts has created a Board of Cooperative Educational Services. The Board is composed of one member from each of the participating school districts. The Board has final authority for all budgeting and financing of the joint venture. The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

Each member pays a \$2,500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members. The District has paid \$68,539 to BOCES during the fiscal year in exchange for services. Complete financial statements may be obtained by writing to: East Central BOCES, 820 2nd Street, P.O. Box 910, Limon, CO 80828-0910.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds. The General Fund is the only major individual governmental fund.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

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

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

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

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue/unearned revenue exists when assets have been recognized, but the related revenue has not been recognized, since the assets are not collected within the current period.

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

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

Major Governmental Fund:

General Fund - The general fund is the general operating fund of the District; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund. Activities relating to the Preschool sub-fund has been included in the General Fund.

Additionally, the District reports the following fund types:

Special Revenue Funds:

Food Services Fund – Accounts for all financial activities associated with the District's school breakfast and lunch programs. Revenues include federal and state grants and food sales.

Student Activity Fund – Is used to account for various student activity groups and contributions from private organizations.

Fiduciary Fund:

Student Activity Agency Fund – Used to account for the various activities of the students and other restricted funds and are held in a fiduciary capacity by the District. These activities are supported in whole or in part by revenues from pupils, gate receipts and other fund-raising activities. This fund was restated to a special revenue fund in fiscal year 2021 (See Note 17).

Cash, Cash Equivalents and Investments

The District's cash, cash equivalents and investments represent amounts on deposit with financial institutions or held by the District. The District's cash, cash equivalents and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. All other securities are recorded at fair value. It is the intention of investing to maximize interest income, and securities are selected according to their risk, marketability and diversification.

Receivables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. Property taxes levied in fiscal year 2021, but not collected until fiscal year 2022, are identified as property taxes receivable.

Inventories

Inventories recorded in the Food Service Fund consist of purchased and donated commodities. Purchased inventories are stated at cost using the first-in first-out method of determining cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Estimated useful lives are:

	<u>Years</u>
Vehicles	7-10
Equipment	5-20
Buildings	50
Improvements	15-50

The District does not have any infrastructure assets.

Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net position. The District records long-term debt of governmental funds at the face value.

Compensated Absences

Per District policy, year-round staff that has completed 12 months of service receive one week of paid vacation. Year-round staff that has completed 24 months of service receive two weeks of paid vacation. There is no limit to the accumulation of days. Employees who resign or are terminated shall be paid out all of their unused days.

Per District policy, contracted employees receive sick leave at the rate of one day per month of the length of the employee's contract and for eligible employees, 8 days bereavement will be granted per contract year. Discretionary leave is a minimum of 6 days per contract year. Employees may accumulate 36 days and there is no pay for unused days unless the employee has completed at least 20 years of service with the District.

As of June 30, 2021, the accrued sick and vacation payable was \$6,713.

In accordance with the governmental accounting standards, the District has recorded the accrued liability for vacation pay in the accompanying district wide financial statements. The amounts are accrued as expenses when incurred in the funds of the District.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of net position. Net pension liabilities and Net OPEB liability, associated with the School Division Trust Fund (SCHDTF) and Health Care Trust Fund (HCTF) administered by PERA, represent the District's proportionate share of total pension/OPEB liabilities less the fiduciary net position. Amounts 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. Pension related deferred outflows and inflows are reported as such and will be recognized in the collective pension expense in subsequent years. The employer portions of contributions made to the SCHDTF and HCTF are reported as benefit expenditures in the current period.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

Unearned revenues represent assets received (measurable) but not yet earned. In the statement of net position, unearned revenues represent grant funds received, but not yet earned as the related service has not yet been provided.

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental funds represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period, or in the case of property taxes, levied for a future period. Deferred revenue consists of the succeeding year's property taxes.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category which is for pension and OPEB related amounts.

Pension Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 76,420
Changes of Assumptions or Other Inputs	133,795
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	-
Contributions Made Subsequent to the Measurement Date	<u>52,596</u>
Total Pension Related Deferred Outflows	<u>\$ 262,811</u>

More information on pension related items is included in Note 7.

OPEB Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 134
Changes of Assumptions or Other Inputs	377
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	8,207
Contributions Made Subsequent to the Measurement Date	<u>2,755</u>
Total OPEB Related Deferred Outflows	<u>\$ 11,473</u>

More information on OPEB related items is included in Note 9.

Deferred Inflows of Resources

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

Property Taxes - The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources (Continued)

Pension Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	(505,223)
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(511,188)</u>
Total Pension Related Deferred Inflows	<u>\$ (1,016,411)</u>

More information on pension related items is included in Note 7.

OPEB Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ (11,560)
Changes of Assumptions or Other Inputs	(3,097)
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(20,332)</u>
Total OPEB Related Deferred Inflows	<u>\$ (34,989)</u>

More information on OPEB related items is included in Note 9.

Fund Balance

In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. GASB Statement Number 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and by clarifying the definitions of existing governmental fund types. As a result, fund balances are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific 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.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Preschool - This reserve of fund balance is the amount of fund balance from the Preschool Fund, which is a sub-fund of the General Fund. Beginning in fiscal year 2002, the State of Colorado mandated separate fund accounting for the Colorado Preschool Program. The program serves children in need of language development or social development, or who are receiving aid as neglected or dependent children.

Budgetary Information

Expenditures may not legally exceed appropriations at the fund level. For the year ended June 30, 2021, no funds expenditures exceeded appropriations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE - 2 DEPOSITS

Deposits

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

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 June 30, 2021, \$704,721 of the District's bank balance of \$954,721 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

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

	Carrying Balance	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Uninsured, Collateralized under the Public Deposit Protection Act	688,748	704,721
Cash with Treasurer	1,125	-
Cash on Hand	805	-
	\$ 940,678	\$ 954,721

The carrying amount is reflected in the accompanying financial statements as follows:

Governmental Activities – Cash & Cash Equivalents	\$ 940,678
Fiduciary Activities – Cash	-
	\$ 940,678

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 2 DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

Concentration of Credit Risk – The District does not have a formal policy restricting the amount that can be invested in any issuer.

NOTE - 3 PROPERTY TAXES

Property taxes are levied on December 15 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes that are uncollected at the end of the fiscal year are expected to be utilized as a financing source in the following fiscal year and are reported as receivable and deferred revenue.

NOTE - 4 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balances June 30, 2020	Additions	Deletions	Balances June 30, 2021
<u>Governmental Activities:</u>				
Non-Depreciable Assets:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Depreciable Assets:				
Buildings	1,095,836	-	-	1,095,836
Improvements	627,569	-	-	627,569
Equipment	93,297	35,579	-	128,876
Vehicles	190,871	-	-	190,871
Total Depreciable Assets	<u>2,007,573</u>	<u>35,579</u>	<u>-</u>	<u>2,043,152</u>
Less Accumulated Depreciation for:				
Buildings	(574,016)	(17,591)	-	(591,607)
Improvements	(308,762)	(11,204)	-	(319,966)
Equipment	(49,668)	(8,731)	-	(58,399)
Vehicles	(96,390)	(12,262)	-	(108,652)
Total Accumulated Depreciation	<u>(1,028,836)</u>	<u>(49,788)</u>	<u>-</u>	<u>(1,078,624)</u>
Total Capital Assets Net	<u>\$ 986,737</u>	<u>\$ (14,209)</u>	<u>\$ -</u>	<u>\$ 972,528</u>

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

Governmental Activities:	
Instruction	\$ 34,473
Support Service	12,262
Food Service Operations	<u>3,053</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 49,788</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 5 ACCRUED SALARIES AND EMPLOYEE BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2021, was \$63,833. Accordingly, the accrued salaries and benefits is reflected as a liability in the accompanying financial statements of the General Fund for \$60,527 and in the Food Service Special Revenue Fund for \$3,306.

NOTE - 6 CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<u>Governmental Activities:</u>				
Compensated Absences	\$ 7,088	\$ -	\$ (375)	\$ 6,713
Net Pension Liability	1,310,761	80,089	-	1,390,850
Net OPEB Liability	64,488	-	(13,980)	50,508
Total	\$ 1,382,337	\$ 80,089	\$ (14,355)	\$ 1,448,071

The compensated absences will be liquidated with resources of the general fund. The full balance outstanding as of June 30, 2021 is not anticipated to be due within one year.

NOTE - 7 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. Karval School District RE-23 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

General Information about the Pension Plan

Plan description. Eligible employees of the Karval School District RE-23 are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

Contributions provisions as of June 30, 2021: Eligible employees of, Karval School District RE-23 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Karval School District RE-23 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Karval School District RE-23 were \$106,348 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Karval School District RE-23 proportion of the net pension liability was based on Karval School District RE-23 contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

At June 30, 2021, the Karval School District RE-23 reported a liability of 1,390,850 for its proportionate share of the net pension liability. The amount recognized by the Karval School District RE-23 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 Karval School District RE-23 were as follows:

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

Karval School District RE-23 proportionate share of the net pension liability	\$ 1,390,850
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Karval School District RE-23	-
Total	1,390,850

At December 31, 2020, the District's proportion was 0.0092 percent, which was an increase of 0.0004 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Karval School District RE-23 recognized pension revenue of \$148,607 and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the Karval School District RE-23 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 76,420	\$ -
Changes of assumptions or other inputs	133,795	(505,223)
Net difference between projected and actual earnings on pension plan investments	-	(511,188)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	52,596	N/A
Total	262,811	(1,016,411)

\$52,596 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2021:	
2022	\$ (190,116)
2023	(207,513)
2024	(246,282)
2025	(162,285)
2026	-
Thereafter	-

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

Actuarial cost method	Entry Age
Price inflation	2.40 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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25 percent
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve

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

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

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

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

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

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

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

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

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

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

follows:

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

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

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Karval School District RE-23 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,897,233	\$ 1,390,850	\$ 968,866

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

NOTE – 8 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the Karval School District RE-23 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Karval School District RE-23 has agreed to match employee contributions up to 0.00 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$6,144 and Karval School District RE-23 recognized pension expense and a liability of \$0 and \$0, respectively, for the Voluntary Investment Program.

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Karval School District RE-23 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Karval School District RE-23 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 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. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Karval School District RE-23 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Karval School District RE-23 were \$5,456 for the year ended June 30, 2021.

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

At June 30, 2021, the Karval School District RE-23 reported a liability of \$50,508 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Karval School District RE-23 proportion of the net OPEB liability was based on Karval School District RE-23 contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Karval School District RE-23 proportion was 0.0053 percent, which was a decrease of 0.0004 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Karval School District RE-23 recognized OPEB expense of \$5,877. At June 30, 2021, the Karval School District RE-23 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$134	\$(11,560)
Changes of assumptions or other inputs	377	(3,097)
Net difference between projected and actual earnings on OPEB plan investments	8,207	(20,332)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	2,755	N/A
Total	11,473	(34,989)

\$2,755 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2021:	
2022	\$ (4,291)
2023	(4,291)
2024	(4,349)
2025	(4,107)
2026	(3,610)
Thereafter	(5,623)

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

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

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

Medicare Plan	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price Inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30% - 10.90%	3.40% - 11.00%	3.20% - 11.30%	2.80% - 5.30%
State Troopers	3.20% - 12.40%	N/A	3.20% - 12.40% ¹	N/A

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

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

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

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

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

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE – 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Sensitivity of the Karval School District RE-23 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 49,203	\$ 50,508	\$ 52,028

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

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

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

Sensitivity of the Karval School District RE-23 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 57,858	\$ 50,508	\$ 44,228

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.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -10 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at June 30, 2021 is as follows:

	Governmental Activities
TABOR Reserve	\$ 32,500
Preschool	-
Food Service	5,950
	\$ 38,450

Restricted for TABOR Reserve – This represents approximately 3% of the District’s 2021 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the District’s net position can be used for declared emergencies only and the District must maintain 3% or more of its spending in this restricted account. The District does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

Restricted for Preschool – This represents money received from the State of Colorado that is mandated for the Colorado Preschool Program. The program serves children in need of language development or social development, or who are receiving aid as neglected or dependent children. At June 30, 2021, all funds received were expended.

Restricted for Food Service – This represents money received from the State of Colorado that is for future expenditures related to the operation and maintenance of food services.

NOTE -11 FUND BALANCES

At June 30, 2021, fund balances for governmental funds consist of the following:

	Restricted Fund Balance			
	Emergencies	Future Expenditures		
	TABOR	Preschool	Food Services	Total
General Fund	\$ 32,500	\$ -	\$ -	\$ 32,500
Food Service Fund	-	-	5,950	5,950
Student Activity Fund	-	-	-	-
Total	\$ 32,500	\$ -	\$ 5,950	\$ 38,450

	Committed/Assigned Fund Balance		
	Committed	Assigned	Total
	Capital Projects	Student Activities	
General Fund	\$ -	\$ -	\$ -
Food Service Fund	-	-	-
Student Activity Fund	-	77,979	77,979
Total	\$ -	\$ 77,979	\$ 77,979

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -12 TRANSFERS

Transfers are used to move revenues from the fund that collects them to specific programs accounted for in other funds, in accordance with budget authorization. Transferred funds from the General Fund to the Food Services Fund and Student Activities Fund were without recourse and made in the normal course of operations to support funding needs.

Transfers during the fiscal year ended June 30, 2021, were as follows:

Transfers From	Transfers To	Amount
General Fund	Food Service Fund	\$ <u>12,000</u>

NOTE -13 CONTINGENT LIABILITIES

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agency. Management believes disallowances, if any, would be immaterial.

NOTE -14 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 is a member of the Colorado School Districts Self Insurance Pool (CSDSIP), which operates as a self-insurance pool comprised of various School Districts and other related public educational entities within the State of Colorado. The District pays an annual premium to the Pool for its property and liability insurance. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for member's claims in excess of a specified self-insured retention, which is determined each policy year.

For Workers' Compensation, health, accident, and other types of insurance programs maintained by the District, commercial insurance companies are utilized. Settled claims have not exceeded insurance coverage in each of the last three fiscal years.

NOTE -15 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention on such revenue.

In November 1997, the voters of the District approved a ballot issue which allows the District to collect, retain and spend all revenues and other funds collected from any source notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -16 SUBSEQUENT EVENTS

The District evaluated its June 30, 2021 financial statements for subsequent events through the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact tax revenues and charges for services. Other financial impact could occur though such potential impact is unknown at this time.

NOTE -17 PRIOR PERIOD RESTATEMENT

The District's Student Activity Agency Fund was reclassified to a special revenue fund presentation pursuant to GASB Statement No. 84 – *Fiduciary Activities*. This resulted in a restatement that increased governmental activities net position in the amount of \$36,167, with offsetting restatements in the Student Activity special revenue fund and the fiduciary fund. Restatement of the prior year financial statements was not deemed practical.

REQUIRED SUPPLEMENTAL INFORMATION

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources	\$ 242,049	\$ 242,049	\$ 259,402	\$ 17,353
State sources	650,133	650,133	698,277	48,144
Federal sources	169,880	169,880	197,579	27,699
TOTAL REVENUES	1,062,062	1,062,062	1,155,258	93,196
EXPENDITURES				
Instruction	609,660	609,660	591,989	17,671
Support Services				
Pupil Services	18,400	18,400	18,569	(169)
Instruction Staff	200	200	3,346	(3,146)
General Administration	165,443	165,443	158,974	6,469
School Administration	34,048	34,048	33,553	495
Business Services	15,000	15,000	15,335	(335)
Operations and Maintenance	152,936	152,936	150,146	2,790
Pupil Transportation	78,446	78,446	68,242	10,204
Central Support	7,000	7,000	7,827	(827)
Capital Outlay	23,716	23,716	35,579	(11,863)
Appropriated Reserves	699,263	699,263	-	699,263
TOTAL EXPENDITURES	1,804,112	1,804,112	1,083,560	720,552
REVENUES OVER (UNDER) EXPENDITURES	(742,050)	(742,050)	71,698	813,748
OTHER FINANCING SOURCES				
Transfers Out	(24,000)	(24,000)	(12,000)	12,000
NET CHANGE IN FUND BALANCE	(766,050)	(766,050)	59,698	825,748
FUND BALANCE - BEGINNING	758,755	758,755	758,755	-
FUND BALANCE - ENDING	\$ (7,295)	\$ (7,295)	\$ 818,453	\$ 825,748

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - SCHOOL DIVISION TRUST FUND

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion (percentage) of the collective net pension liability	0.00919%	0.00877%	0.00859%	0.00994%	0.00959%	0.01645%	0.01645%	0.02001%
District's proportionate share of the collective net pension liability	1,390,850	\$ 1,310,761	\$ 1,520,658	\$ 3,212,883	\$ 2,855,891	\$ 1,760,288	\$ 2,223,427	\$ 2,552,149
State's Proportionate Share of the net pension liability	-	12,592	12,350	-	-	-	-	-
	<u>\$ 1,390,850</u>	<u>\$ 1,323,353</u>	<u>\$ 1,533,008</u>	<u>\$ 3,212,883</u>	<u>\$ 2,855,891</u>	<u>\$ 1,760,288</u>	<u>\$ 2,223,427</u>	<u>\$ 2,552,149</u>
District's covered payroll	491,540	\$ 477,525	\$ 472,121	\$ 458,327	\$ 428,868	\$ 464,511	\$ 541,389	\$ 804,725
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.96%	274.49%	322.09%	701.00%	665.91%	378.96%	410.69%	317.15%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%	62.84%	64.06%

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

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

SCHEDULE OF DISTRICT CONTRIBUTIONS - SCHOOL DIVISION TRUST FUND

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	106,348	\$ 89,149	\$ 91,064	\$ 87,394	\$ 84,920	\$ 82,036	\$ 91,121	\$ 128,457
Contributions in relation to the statutorily required contribution	<u>(106,348)</u>	<u>(89,149)</u>	<u>(91,064)</u>	<u>(87,394)</u>	<u>(84,920)</u>	<u>(82,036)</u>	<u>(91,121)</u>	<u>(128,457)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 534,947	 \$ 461,874	 \$ 476,025	 \$ 462,645	 \$ 461,873	 \$ 463,980	 \$ 541,389	 \$ 804,725
Contributions as a percentage of covered payroll	19.88%	19.30%	19.13%	18.89%	18.39%	17.68%	16.83%	15.96%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.00532%	0.00573%	0.00558%	0.00565%	0.00543%
District's proportionate share of the net OPEB liability	\$ 50,508	\$ 64,488	\$ 75,948	\$ 73,369	\$ 70,421
District's covered payroll	\$ 491,540	\$ 477,525	\$ 472,121	\$ 458,327	\$ 428,868
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	13.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	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.

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

SCHEDULE OF DISTRICT CONTRIBUTIONS - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 5,456	\$ 4,711	\$ 4,855	\$ 4,719	\$ 4,711
Contributions in relation to the statutorily required contribution	<u>(5,456)</u>	<u>(4,711)</u>	<u>(4,855)</u>	<u>(4,719)</u>	<u>(4,711)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 534,947	\$ 461,874	\$ 476,025	\$ 462,645	\$ 461,873
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

NOTE -1 BUDGETS AND BUDGETARY ACCOUNTING

Budgets are required by state law for all funds. At least thirty days prior to July 1, the Superintendent submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and means of financing them.

Public hearings are conducted by the Board of Education to obtain taxpayer comments. The budget must be adopted by formal resolution prior to June 30, although it may be subsequently revised by January 31 of the following year.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments, within any fund and the reallocation of budget line items within any department or within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the fiscal year. Appropriations are based on total resources expected to be available in each budget year, including reserves as established by the Board of Education. Variances between budget and actual expenditures result from non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

SUPPLEMENTAL INFORMATION

MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

General Fund – The general fund is the general operating fund of the District; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

BALANCE SHEET

GENERAL FUND

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 854,581	\$ 933,148
Receivables:		
Accounts	9,763	-
Grants	36,190	1,982
Property Taxes	<u>7,200</u>	<u>20,700</u>
 TOTAL ASSETS	 <u>\$ 907,734</u>	 <u>\$ 955,830</u>
 LIABILITIES		
Accounts Payable	\$ 1,095	\$ 5,401
Accrued Salaries and Benefits	60,527	53,868
Unearned Revenue	<u>20,459</u>	<u>117,106</u>
 TOTAL LIABILITIES	 <u>82,081</u>	 <u>176,375</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue - Property Taxes	<u>7,200</u>	<u>20,700</u>
 FUND BALANCE		
Restricted:		
Emergency Reserve	32,500	28,800
Unassigned	<u>785,953</u>	<u>729,955</u>
 TOTAL FUND BALANCE	 <u>818,453</u>	 <u>758,755</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 907,734</u>	 <u>\$ 955,830</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUES		
Local Sources		
Property Taxes	\$ 193,383	\$ 154,260
Specific Ownership Taxes	18,923	19,714
Delinquent Taxes and Penalties	466	467
Investment Interest	1,463	1,601
Other	45,167	52,302
Total Local Sources	259,402	228,344
State Sources		
Equalization	625,518	665,691
Transportation	29,073	30,273
BOCES Flowthrough	13,105	21,934
Pension Special Funding	-	12,593
Other	30,581	26,673
Total State Sources	698,277	757,164
Federal Sources		
Grants	170,261	14,311
BOCES Flowthrough	27,318	24,862
Total Federal Sources	197,579	39,173
TOTAL REVENUES	1,155,258	1,024,681
EXPENDITURES		
Instruction	591,989	423,524
Support Services		
Pupil Services	18,569	22,728
Instruction Staff	3,346	4,505
General Administration	158,974	192,717
School Administration	33,553	36,262
Business Services	15,335	14,608
Operations and Maintenance	150,146	140,584
Pupil Transportation	68,242	68,515
Central Support Services	7,827	6,755
Capital Outlay	35,579	47,783
TOTAL EXPENDITURES	1,083,560	957,981
REVENUES OVER (UNDER) EXPENDITURES	71,698	66,700
OTHER FINANCING SOURCES (USES)		
Transfers Out	(12,000)	(10,500)
NET CHANGE IN FUND BALANCE	59,698	56,200
FUND BALANCE JULY 1	758,755	702,555
FUND BALANCE JUNE 30	\$ 818,453	\$ 758,755

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Food Services Fund – This fund is used to account for all food service activities related to serving student meals. Revenues include federal and state grants and food sales.

Student Activity Fund – This fund is used to account for the various activities of student groups. These activities are supported in whole or in part by revenues from pupils and other fund-raising activities.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021

	SPECIAL REVENUE FUNDS		
	FOOD SERVICE	STUDENT ACTIVITY	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 8,118	\$ 77,979	\$ 86,097
Receivables:			
Accounts	1,138		1,138
Inventory	1,610	-	1,610
TOTAL ASSETS	<u>\$ 10,866</u>	<u>\$ 77,979</u>	<u>\$ 88,845</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	3,306	-	3,306
TOTAL LIABILITIES	<u>3,306</u>	<u>-</u>	<u>3,306</u>
FUND BALANCE			
Nonspendable	1,610	-	1,610
Restricted for:			
Food Service	5,950	-	5,950
Assigned	-	77,979	77,979
TOTAL FUND BALANCE	<u>7,560</u>	<u>77,979</u>	<u>85,539</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,866</u>	<u>\$ 77,979</u>	<u>\$ 88,845</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS		TOTAL
	FOOD SERVICES	STUDENT ACTIVITIES	
REVENUES			
Local Sources	\$ 3,120	\$ 24,091	\$ 27,211
State Sources	159	-	159
Federal Sources	28,128	-	28,128
TOTAL REVENUES	31,407	24,091	55,498
EXPENDITURES			
Salaries & Benefits	23,445	-	23,445
Purchased Food and Services	17,692	-	17,692
Supplies	754	-	754
Student Activities	-	24,560	24,560
TOTAL EXPENDITURES	41,891	24,560	66,451
REVENUES OVER (UNDER) EXPENDITURES	(10,484)	(469)	(10,953)
OTHER FINANCING SOURCES			
Transfers In (Out)	12,000	-	12,000
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	1,516	(469)	1,047
FUND BALANCE JULY 1	6,044	42,281	48,325
PRIOR PERIOD RESTATEMENT	-	36,167	36,167
FUND BALANCE JULY 1 - AS RESTATED	6,044	78,448	84,492
FUND BALANCE JUNE 30	<u>\$ 7,560</u>	<u>\$ 77,979</u>	<u>\$ 85,539</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

FOOD SERVICE - SPECIAL REVENUE FUND

BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash in Bank	\$ 8,118	\$ 6,509
Accounts Receivable	1,138	480
Inventory	<u>1,610</u>	<u>1,610</u>
 TOTAL ASSETS	 <u>\$ 10,866</u>	 <u>\$ 8,599</u>
 LIABILITIES		
Accounts Payable	\$ -	\$ -
Accrued Salaries and Benefits	<u>3,306</u>	<u>2,555</u>
 TOTAL LIABILITIES	 <u>3,306</u>	 <u>2,555</u>
 FUND BALANCE		
Nonspendable - Inventories	1,610	1,610
Restricted - Food Services	<u>5,950</u>	<u>4,434</u>
 TOTAL FUND BALANCE	 <u>7,560</u>	 <u>6,044</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 10,866</u>	 <u>\$ 8,599</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

FOOD SERVICE - SPECIAL REVENUE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED JUNE 30, 2021 AND 2020

	ORIGINAL BUDGET	FINAL BUDGET	2021 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2020 ACTUAL
REVENUES					
Local Sources					
Charges for Services					
Student Meals	\$ 2,800	\$ 2,800	\$ -	\$ (2,800)	\$ 3,313
Adult Meals	2,500	2,500	3,092	592	2,206
Other	103	103	28	(75)	222
State Sources	575	575	159	(416)	655
Federal Sources	13,000	13,000	28,128	15,128	11,535
TOTAL REVENUES	18,978	18,978	31,407	12,429	17,931
EXPENDITURES					
Salaries	16,173	16,173	19,115	(2,942)	13,243
Employee Benefits	3,712	3,712	4,330	(618)	2,944
Purchased Services	6,157	6,157	1,674	4,483	3,517
Food Purchases	18,017	18,017	14,964	3,053	8,924
Commodities	4	4	1,054	(1,050)	42
Non-Food	1,205	1,205	754	451	787
Contingency Reserve	1,710	1,710	-	1,710	-
TOTAL EXPENDITURES	46,978	46,978	41,891	5,087	29,457
REVENUES OVER (UNDER) EXPENDITURES	(28,000)	(28,000)	(10,484)	17,516	(11,526)
OTHER FINANCING SOURCES					
Transfers In	22,000	22,000	12,000	(10,000)	10,500
NET CHANGE IN FUND BALANCE	(6,000)	(6,000)	1,516	7,516	(1,026)
FUND BALANCE - BEGINNING	6,044	6,044	6,044	-	7,070
FUND BALANCE - ENDING	\$ 44	\$ 44	\$ 7,560	\$ 7,516	\$ 6,044

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

STUDENT ACTIVITY - SPECIAL REVENUE FUND

BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	<u>\$ 77,979</u>	<u>\$ 42,281</u>
FUND BALANCE		
Assigned for Student Activities	<u>\$ 77,979</u>	<u>\$ 42,281</u>

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

STUDENT ACTIVITY - SPECIAL REVENUE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED JUNE 30, 2021 AND 2020

	ORIGINAL BUDGET	FINAL BUDGET	2021 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2020 ACTUAL
REVENUES					
Local Sources - Other	\$ 25,461	\$ 25,461	\$ 24,091	\$ (1,370)	\$ 1,529
TOTAL RECEIPTS	25,461	25,461	24,091	(1,370)	1,529
EXPENDITURES					
Purchased Services	2,620	2,620	-	2,620	347
Supplies	-	-	455	(455)	1,557
Other	27,614	27,614	24,105	3,509	-
Contingency Reserve	42,587	42,587	-	42,587	-
TOTAL EXPENDITURES	72,821	72,821	24,560	48,261	1,904
REVENUES OVER (UNDER) EXPENDITURES	(47,360)	(47,360)	(469)	46,891	(375)
OTHER FINANCING SOURCES					
Transfers In	5,600	5,600	-	(5,600)	-
NET CHANGE IN FUND BALANCE	(41,760)	(41,760)	(469)	41,291	(375)
FUND BALANCE JULY 1	42,281	42,281	42,281	42,281	42,656
PRIOR PERIOD RESTATEMENT	36,167	36,167	36,167	-	-
FUND BALANCE JULY 1 - AS RESTATED	78,448	78,448	78,448	42,281	42,656
FUND BALANCE JUNE 30	\$ 36,688	\$ 36,688	\$ 77,979	\$ 83,572	\$ 42,281

FIDUCIARY FUND

The District is responsible for ensuring that the assets reported in this fund is used only for their intended purposes and by those to whom the assets belong.

AGENCY FUND

Student Activity Agency Fund – The District has established an agency fund to account for various student activity groups and contributions from private organizations. The agency funds are custodial in nature and do not involve measurement of results of operations. This fund is the Pupil Activity Agency Fund. This fund was restated to a special revenue fund for the year ended June 30, 2021.

KARVAL SCHOOL DISTRICT RE-23
LINCOLN COUNTY, COLORADO

STUDENT ACTIVITY AGENCY FUND

STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2021

ACTIVITY NAME	BALANCE JULY 1, 2020	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2021
Drama Club	283	-	-	283
Dance Team	39	-	-	39
FFA	8,194	-	-	8,194
Music	6,673	-	-	6,673
Book Fair-Library	82	-	-	82
Trojan Club	1,014	-	-	1,014
Exchange	2,297	-	-	2,297
G&T J Savage	84	-	-	84
Metal Works	193	-	-	193
Elementary Playground	4,551	-	-	4,551
Preschool	755	-	-	755
K/1 Grades	757	-	-	757
Junior High School	-	-	-	-
Class of 2015	206	-	-	206
Class of 2016	50	-	-	50
Class of 2017	68	-	-	68
Class of 2018	694	-	-	694
Class of 2019	(30)	-	-	(30)
Class of 2020	954	-	-	954
Class of 2021	1,298	-	-	1,298
Class of 2022	683	-	-	683
Class of 2023	977	-	-	977
Class of 2024	977	-	-	977
Class of 2025	-	-	-	-
Class of 2026	-	-	-	-
Class of 2027	-	-	-	-
3-4 Grades	100	-	-	100
5-6 Grades	831	-	-	831
Miscellaneous	1,281	-	-	1,281
Student Council	2,528	-	-	2,528
Knowledge Bowl	628	-	-	628
Balance as of June 30	36,167	-	-	36,167
Prior Period Restatement	-	-	-	(36,167)
Balance as of June 30, (As Restated)	36,167	-	-	-

**COLORADO DEPARTMENT OF EDUCATION AUDITORS' ELECTRONIC FINANCIAL
DATA INTEGRITY CHECK FIGURES**



Colorado Department of Education

Auditors Integrity Report

District: 1810 - Karval RE-23

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	758,755	1,118,463	1,058,765	818,453
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	24,795	24,795	0
Sub- Total	758,755	1,143,258	1,083,560	818,453
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	6,044	43,407	41,891	7,561
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	78,449	24,091	24,560	77,979
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	843,248	1,210,756	1,150,012	903,992
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	-4,895	-4,895	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	-4,895	-4,895	0

FINAL