

**PLATTE CANYON SCHOOL DISTRICT 1
BAILEY, COLORADO**

BASIC FINANCIAL STATEMENTS

June 30, 2021

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor's Report	
Management's Discussion and Analysis	i - vii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7 – 47
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	48 – 51
Budgetary Comparison Schedule – Food Service Fund	52
Budgetary Comparison Schedule – Designated Grants Fund	53
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA School Division Trust Fund Plan	54
Schedule of the District's Contributions – PERA School Division Trust Fund Plan	55
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA Health Care Trust Fund Plan	56
Schedule of the District's Contributions – PERA Health Care Trust Fund Plan	57

TABLE OF CONTENTS
(Continued)

Other Information	PAGE
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	59
Budgetary Comparison Schedule – Student Activities Fund	60
Budgetary Comparison Schedule – Swimming Pool Fund	61
Budgetary Comparison Schedule – Bond Redemption Fund	62
Auditor’s Integrity Report	63
Compliance Section	
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	64-65
Independent Auditor’s Report On Compliance for Each Major Federal Program, Report On Internal Control over Compliance	66-67
Schedule of Expenditures of Federal Awards	68
Notes to The Schedule of Expenditures of Federal Awards	69
Schedule of Findings and Questioned Costs	70-71

FINANCIAL SECTION

Board of Education
Platte Canyon School District 1
Bailey, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Canyon School District 1 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Canyon School District 1 as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 48-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules and the Auditor's Integrity Report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PB Solutions LLC

December 15, 2021

Platte Canyon School District RE 1

Management Discussion and Analysis

As management of Platte Canyon School District RE 1, we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The liabilities and deferred inflows of the District exceeded its assets and deferred outflows as of June 30, 2021, by \$3,441,336 (net position). The negative net position is due to GASB Statement No. 68 and 75 on pension disclosures which reflects the District's proportionate share of the pension plan's unfunded pension liability. It is important to note that the District does not have to pay the amount shown as the District's net pension liability.
- The District's net position improved by \$5,747,075 from FY2021.
- The District's General Fund had an ending fund balance of \$5,357,266, or 55% of total General Fund Expenditures.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information on all the District's assets and deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial health of the District. Evaluation of the overall economic health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's capital assets in addition to the financial information provided in this report.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event affecting the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences). An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities on revenues provided by the District's taxpayers.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

- **Governmental activities:** Most of the District’s basic services are included here, such as instructional services, support services, food services and student activities. Such services include activities relating to building maintenance, technology and administration.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund Financial Statements

A fund is a grouping of self-balancing, related accounts that are used to maintain control over resources that have been segregated for specific purposes. Our District uses fund accounting to ensure and demonstrate compliance with state and federal financial policies and procedures with regards to government, proprietary, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District’s near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The District maintains six funds. The District’s most significant, or “major” governmental funds include the General Fund, Food Services Fund, Designated Grants Fund, and Bond Redemption Fund. The additional two funds (Student Activities Fund and Swimming Pool Fund) are combined into a single, aggregated presentation. Information for these non-major funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statutes.

The basic major governmental fund statements start on page 3.

Notes to the Financial Statements

The financial statements also include notes that explain some of the information in the statements and provide more detailed data essential to a full understanding of the government-wide and fund financial statements. The notes on the statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's adopted budget and audited actual numbers for the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As previously noted, net position may serve—over time—as a useful indicator of the District's financial position.

The assets of the District are classified as current assets and capital assets. Current assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax receivables and cash and investments.

Capital assets are made up of land, buildings, equipment, and construction in progress. Current and long-term liabilities are classified based upon when resources will be required to fulfill the obligation.

Platte Canyon School District No.1 Net Position

Assets:	2021	2020
Current and other assets	\$ 7,239,818	\$ 7,174,899
Capital assets, net	12,590,761	13,118,432
Total Assets	19,830,579	20,293,331
 Deferred Outflows of Resources:		
Pension related deferred outflow	4,340,038	3,362,090
OPEB related deferred outflow	33,779	48,453
Total deferred outflows of resources	4,373,817	3,410,543
 Liabilities:		
Other liabilities	599,535	1,488,686
Long-term liabilities	19,764,257	19,194,302
Total Liabilities	20,363,792	20,682,988
 Deferred Inflows of Resources:		
Pension and OPEB related deferred inflow	7,281,940	12,620,543
 Net Position:		
Net investment in capital assets	9,250,721	9,581,486
Restricted	407,803	1,263,098
Unrestricted	(13,099,860)	(20,714,241)
Total Net Position	(3,441,336)	(9,599,657)

Of the District's total assets, 63% are capital assets (e.g. land, buildings, and equipment). The District uses

these assets to provide instruction and related services to its students. Although the District’s investment in capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position for governmental activities improved by \$5,747,075. The following schedule summarizes the District’s shift in net position:

Platte Canyon School District No.1 Net Position

Revenues:	2021	2020
Program revenue s :		
Charges for services	\$ 243,142	\$431,673
Operating grants & contributions	2,445,030	1,386,707
Genera l revenue s :		
Local Property Taxes	4,345,359	4,277,940
Specific Ownership Taxes	573,591	508,449
State Equalization Income	4,236,595	5,063,789
Interest Income	7,553	70,196
Other Revenues & Debt Proceeds	257,041	109,435
Total Revenues:	12,108,311	11,848,189
Expenses:		
Direct Instruction	3,179,044	4,479,702
Support Services	3,128,805	4,034,432
Debt Service Interest and Fiscal Charges	53,387	0
Total Expenses:	6,361,236	8,514,134
Changes in Net Position:	5,747,075	(13,044,886)
Net Position - Beginning of Year, Restated	(9,188,411)	(12,933,712)
Net Position - End of Year	(3,441,336)	(9,599,657)

Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District’s revenue. The remaining revenue comes from grants and contributions, fees charged for services, and miscellaneous sources. The District’s expenses predominantly relate to instruction and support services, which include support for students and instructional staff. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District’s employees.

Financial Highlights:

During the FY2021 year the District worked to utilize COVID relief funds to purchase Science curriculum for K-12, Reading materials for 4th-5th, upgrade the DCES ventilation system using the COVID Air Improvement Capital Projects funds, and upgrade District servers to better support students learning at home and online during the pandemic. Mental Health Services from our DCES counselor were upgraded to full time to support student well-being and social-emotional learning. The District spent additional COVID monies to offset personnel costs for added workload that supported new sections of classes to aid with social distancing. Additionally, expenses included absence coverage due to quarantine and illness as well as mandated expenses for additional cleaning supplies, PPE, and Food Services Packaging. Although several of the budgeted expense items were delayed due to supply chain issues, the District was able to thoughtfully implement safety protocols and supports to allow for in person instruction for the entire school year.

Financial Analysis of the District's Funds:

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Analysis:

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, unassigned balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The District saw an increase in unassigned fund balance as a result of increased federal funding receipts. As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$6,569,971 which is an increase of \$459,845 from the restated prior year ending fund balances.

The General Fund is the most significant fund of the District. The General Fund is supported by property taxes, specific ownership taxes and state equalization funding. The Food Service Fund was supported by the General Fund with a transfer in the amount of \$55,000. The Designated Purpose Grant Fund is supported by grant revenues and the Debt Service Fund by voter-approved property tax mill levies to meet general obligation debt service requirements. The Student Activities Fund is maintained by student activities fees and fundraising support. The Swimming Pool Fund is sustained by user fees and property taxes.

- The General Fund reported revenue of \$10.2 million for the 2020-21 fiscal year. This is an increase of \$0.2 million from the prior year.
- The General Fund reported expenditures of \$9.7 million for the 2020-21 fiscal year. This is consistent with prior year expenditures.

District management intends to continue to balance the General Fund's current resources with budgeted expenditures in order to maintain adequate fund balance. Administration, with Board approval, will continue to make the necessary long-term budgetary adjustments in order to achieve a continued healthy financial outlook.

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. The budget is prepared based on an estimate of forecasted student count. The General Fund's actual results were under budgeted appropriations by \$14,087.

Capital Assets and Debt Administration

The District's investment in capital assets for governmental activities as of June 30, 2021, amounts to \$12,590,761 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, net of accumulated depreciation, and construction in progress. The total net increase (decrease) in capital assets for the current fiscal year was \$(527,671).

Long Term Debt: As of June 30, 2021, the District had outstanding debt consisting of bonds payable, bond premium, capital leases, and compensated absences in the amount of \$3,539,143.

Economic Factors:

The primary factors impacting funding for the District continue to be student enrollment and the State's economy. The Public School Finance Act of 1994 is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school District based upon a formula that takes into consideration the cost of living, number of students, District size, personnel vs. non-personnel, and number of at-risk students. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax statewide for all Districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization.

At the time these financial statements were prepared and audited, the District contemplated the following factors that could significantly affect its financial health in the future.

- Globally and locally, the district remains in unprecedented times, with shifting and still-elevated economic risks. There is still a great deal of uncertainty about how much of the shifts in consumer, business, and worker behavior will continue and whether short-term disruptions will have long-lasting ripple effects. The receding federal funding and on-going COVID-19 related public health order expenditures will result in strains on the General Fund.
- The state's General Assembly incorporated a statewide base per-pupil revenue (PPR) increase of 2.0 percent for inflation; however, the state set a budget stabilization factor of 6.7 percent for 2021–2022. This kept the statewide average total PPR at \$8,991, thus reducing the state share by \$571.2 million for a total reduction of approximately \$9.8 billion over the last 13 years. The average statewide PPR funding without the budget stabilization factor funding cut would have been \$9,634, or \$643 more per student.
- Along with the CARES Act from the previous year, the district received Elementary and Secondary School Emergency Relief (ESSER) funds, which provided one-time grant funding to education to support expenses incurred due to COVID-19.

As a result of HB20-1418, local shares of revenue will be increased over time. While the District will receive additional increases in local funding, it is anticipated that this will be offset with decreases in state funding resulting in little to no overall increase in revenue unless other changes are contemplated.

Request for Information:

This financial report is designed to provide a general overview of Platte Canyon School District RE 1's finances for all those with an interest in the District's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Director of Business Services, Platte Canyon School District, 57393 US Hwy 285 or P.O. Box 1069, Bailey, Colorado 80421. Additional information is available on the district website at www.plattecanyonschools.org.

BASIC FINANCIAL STATEMENTS

PLATTE CANYON SCHOOL DISTRICT 1

STATEMENT OF NET POSITION
June 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 4,983,366
Restricted Cash and Investments	722,032
Cash Held with Fiscal Agent	307,226
Taxes Receivable	944,271
Accounts Receivable	259,666
Inventories	23,257
Capital Assets, Not Depreciated	1,360,530
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>11,230,231</u>
TOTAL ASSETS	<u>19,830,579</u>
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions	4,340,038
Related to OPEB	<u>33,779</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,373,817</u>
LIABILITIES	
Accounts Payable	12,213
Accrued Salaries and Benefits	582,837
Accrued Interest Payable	4,485
Noncurrent Liabilities	
Due Within One Year	849,887
Due in More Than One Year	2,490,153
Compensated Absences	199,103
Net Pension Liability	15,655,850
Net OPEB Liability	<u>569,264</u>
TOTAL LIABILITIES	<u>20,363,792</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	7,026,652
Related to OPEB	<u>255,288</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,281,940</u>
NET POSITION	
Net Investment in Capital Assets	9,250,721
Restricted for Emergencies	407,803
Unrestricted	<u>(13,099,860)</u>
TOTAL NET POSITION	<u>\$ (3,441,336)</u>

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

PLATTE CANYON SCHOOL DISTRICT 1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 3,179,044	\$ -	\$ 819,358	\$ -	\$ (2,359,686)
Supporting Services	3,128,805	243,142	1,625,672	-	(1,259,991)
Interest and Fiscal Charges	53,387	-	-	-	(53,387)
Total Governmental Activities	<u>6,361,236</u>	<u>243,142</u>	<u>2,445,030</u>	<u>-</u>	<u>(3,673,064)</u>
GENERAL REVENUES					
					4,345,359
					573,591
					4,236,595
					257,041
					7,553
					<u>9,420,139</u>
					CHANGE IN NET POSITION
					5,747,075
					NET POSITION, Beginning, Restated
					<u>(9,188,411)</u>
					NET POSITION, Ending
					<u>\$ (3,441,336)</u>

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

PLATTE CANYON SCHOOL DISTRICT 1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL FUND	FOOD SERVICE FUND	DESIGNATED GRANTS FUND	BOND REDEMPTION FUND
ASSETS				
Cash and Investments	\$ 4,646,463	\$ 77,858	\$ -	\$ -
Restricted Cash and Investments	-	-	-	722,032
Cash Held at Fiscal Agent	103,726	-	-	203,500
Due From Other Funds	259,133	-	-	-
Taxes Receivable	866,441	-	-	77,830
Other Receivables	59,369	62,082	138,215	-
Inventory	-	23,257	-	-
TOTAL ASSETS	\$ 5,935,132	\$ 163,197	\$ 138,215	\$ 1,003,362
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 12,213	\$ -	\$ -	\$ -
Due To Other Funds	519	128,193	110,545	13,785
Accrued Salaries and Benefits	546,875	8,292	27,670	-
TOTAL LIABILITIES	559,607	136,485	138,215	13,785
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	18,259	-	-	56,538
FUND BALANCES				
Nonspendable	-	23,257	-	-
Restricted for Emergencies	407,803	-	-	-
Restricted for Debt Service	-	-	-	933,039
Assigned	-	-	-	-
Unassigned	4,949,463	3,455	-	-
TOTAL FUND BALANCES	5,357,266	26,712	-	933,039
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,935,132	\$ 163,197	\$ 138,215	\$ 1,003,362

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 259,045	\$ 4,983,366
-	722,032
-	307,226
519	259,652
-	944,271
-	259,666
-	23,257
<u>\$ 259,564</u>	<u>\$ 7,499,470</u>

\$ -	\$ 12,213
6,610	259,652
-	582,837
<u>6,610</u>	<u>854,702</u>

-	74,797
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-	23,257
-	407,803
-	933,039
252,954	252,954
-	4,952,918
<u>252,954</u>	<u>6,569,971</u>

<u>\$ 259,564</u>	<u>\$ 7,499,470</u>
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PLATTE CANYON SCHOOL DISTRICT 1

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2021

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

Total fund balances of governmental funds		\$	6,569,971
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	1,360,530	
	Capital Assets, Depreciated	28,410,285	
	Accumulated Depreciation	<u>(17,180,054)</u>	12,590,761
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.			74,797
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated Absences	(199,103)	
	Accrued Interest Payable	(4,485)	
	Bonds Payable	(2,330,000)	
	Bond Premium	(83,937)	
	Capital Lease Payable	(926,103)	
	Net Pension Liability	(15,655,850)	
	Net OPEB Liability	<u>(569,264)</u>	(19,768,742)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Change in Proportionate Share	1,427,777	
	Deferred outflows of resources - Subsequent Contributions	546,006	
	Deferred outflows of resources - Expected vs Actual Experience	860,211	
	Deferred outflows of resources - Change in Assumptions	1,506,044	
	Deferred inflows of resources - Projected vs Actual Investments Earnings	(3,446,209)	
	Deferred inflows of resources - Change in Assumptions	(2,631,616)	
	Deferred inflows of resources - Change in Proportionate Share	<u>(948,827)</u>	(2,686,614)
	Deferred outflows of resources - Subsequent Contributions OPEB	28,015	
	Deferred outflows of resources - Expected vs Actual Experience OPEB	1,511	
	Deferred outflows of resources - Change in Assumptions OPEB	4,253	
	Deferred inflows of resources - Projected vs actual investment earnings OPEB	(23,261)	
	Deferred inflows of resources - Change in Assumptions OPEB	(34,907)	
	Deferred inflows of resources - Change in Proportionate Share OPEB	(71,968)	
	Deferred inflows of resources - Expected vs Actual Experience OPEB	<u>(125,152)</u>	<u>(221,509)</u>
Net position of governmental activities			<u>\$ (3,441,336)</u>

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

PLATTE CANYON SCHOOL DISTRICT 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	GENERAL FUND	FOOD SERVICE FUND	DESIGNATED GRANTS FUND	BOND REDEMPTION FUND
REVENUES				
Local Sources	\$ 4,333,499	\$ 41,603	\$ -	\$ 807,099
State Sources	5,094,920	3,798	-	-
Federal Sources	760,133	275,498	397,443	-
TOTAL REVENUES	10,188,552	320,899	397,443	807,099
EXPENDITURES				
Current				
Instruction	5,111,192	-	311,068	-
Supporting Services	4,255,175	355,058	86,375	858
Capital Outlay	266,820	-	-	-
Debt Service				
Principal	97,551	-	-	735,000
Interest	247	-	-	89,300
TOTAL EXPENDITURES	9,730,985	355,058	397,443	825,158
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	457,567	(34,159)	-	(18,059)
OTHER FINANCING SOURCES (USES)				
Transfer Out	(55,000)	-	-	-
Transfer In	-	55,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(55,000)	55,000	-	-
NET CHANGE IN FUND BALANCES	402,567	20,841	-	(18,059)
FUND BALANCES, Beginning	4,954,699	5,871	-	951,098
FUND BALANCES, Ending	\$ 5,357,266	\$ 26,712	\$ -	\$ 933,039

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 319,521	\$ 5,501,722
-	5,098,718
-	1,433,074
<u>319,521</u>	<u>12,033,514</u>
101,925	5,524,185
163,100	4,860,566
-	266,820
-	832,551
-	89,547
<u>265,025</u>	<u>11,573,669</u>
<u>54,496</u>	<u>459,845</u>
-	(55,000)
-	55,000
<u>-</u>	<u>-</u>
54,496	459,845
<u>198,458</u>	<u>6,110,126</u>
<u>\$ 252,954</u>	<u>\$ 6,569,971</u>

PLATTE CANYON SCHOOL DISTRICT 1

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:

Net change in fund balances - total governmental funds			\$ 459,845
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	153,869	
	Depreciation	<u>(681,540)</u>	(527,671)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.			74,797
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Bond Principal Payments	735,000	
	Capital Leases Principal Payments	97,551	
	Amortization of Bond Premium	27,978	
	Changes in Accrued Interest Payable	8,182	
	Changes in Compensated Absences	<u>(39,863)</u>	828,848
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	4,855,047	
	Deferred charges related to OPEB	<u>56,209</u>	<u>4,911,256</u>
Change in net position of governmental activities			<u>\$ 5,747,075</u>

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Platte Canyon School District 1 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by an elected board of five members. Following is a summary of the more significant policies:

Reporting Entity

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

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

Jointly Governed Organizations

The District is a participant among three districts in a jointly governed organization to operate the Mt. Evans Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of two board members from the District and one board member from the remaining member district. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 10595 Highway 119, Black Hawk, CO 80422 or from their website, <http://mtevboces.com/financial-transparency/>.

Government-Wide and Fund Financial Statements

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

The *Food Service Fund* accounts for the District's food service program.

The *Designated Grants Fund* accounts for the District's federal grant funds.

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

Assets, Liabilities, and Fund Balance/Net Position

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

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

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

Due To and Due From Other Funds - Interfund balances arise from transactions that are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Site Improvements	20-50 years
Buildings and Improvements	10-50 years
Vehicles and Equipment	10-20 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, were \$582,837. The accrued compensation is reported as a liability in the General, Designated Grants, and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees may carry over a maximum of sixty days to the next fiscal year. These compensated absences are expensed when paid in the governmental fund types. A long-term liability in the amount of \$199,103 has been recorded in the government-wide financial statements for the accrued compensated absences.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies (see Note 9). In addition, the fund balance in the Bond Redemption Fund is reported as restricted for debt service requirements.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2021.

- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The District has classified the fund balances of the Food Service Fund, Student Activities Fund, and Swimming Pool Fund as assigned because their use has been designated for a specific purpose by the District.

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

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

Risk Management

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Risk Management (Continued)

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

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

Budgets

Budgets are adopted in accordance with State Budget Law on each fund's basis of accounting unless indicated. All appropriations lapse at fiscal year-end.

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of the District submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- The Board can modify the budget by line item at any time. Total appropriation can only be modified upon completion of notification and publication requirements.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

State Compliance

At June 30, 2021, actual expenditures in the Food Service Fund exceeded budgeted amounts by \$37,655, which may be a violation of state statute.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consist of the following:

Deposits	\$ 866,878
Investments	<u>4,838,520</u>
Total	<u>\$5,705,398</u>

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

Cash and Investments - Unrestricted	\$4,983,366
Cash and Investments - Restricted	<u>722,032</u>
	<u>\$5,705,398</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At June 30, 2021, the District had deposits with financial institutions with a carrying amount of \$866,878. The bank balances with the financial institutions were \$1,303,471. Of these balances, \$250,000 was covered by federal depository insurance and \$1,053,471 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Investments

Interest Rate Risk

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

Credit Risk

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

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

Local Government Investment Pools

The District had invested \$4,838,520 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash

At June 30, 2021, cash in the amount of \$722,032 is restricted in the Bond Redemption Fund for debt service requirements.

NOTE 4: CAPITAL ASSETS

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 1,360,530	\$ -	\$ -	\$ 1,360,530
Capital Asset, Being Depreciated				
Buildings and Improvements	24,230,952	95,223	-	24,326,175
Site Improvements	1,832,993	-	-	1,832,993
Equipment	2,192,471	58,646	-	2,251,117
Total Capital Assets, Being Depreciated	<u>28,256,416</u>	<u>153,869</u>	<u>-</u>	<u>28,410,285</u>
Accumulated Depreciation				
Buildings and Improvements	13,472,419	592,777	-	14,065,196
Site Improvements	1,356,993	30,739	-	1,387,732
Equipment	1,669,102	58,024	-	1,727,126
Total Depreciation	<u>16,498,514</u>	<u>681,540</u>	<u>-</u>	<u>17,180,054</u>
Net Capital Assets, Depreciated	<u>11,757,902</u>	<u>(527,671)</u>	<u>-</u>	<u>11,230,231</u>
Net Capital Assets	<u>\$ 13,118,432</u>	<u>\$ (527,671)</u>	<u>\$ -</u>	<u>\$ 12,590,761</u>

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

Governmental Activities	
Instruction	\$ 364,873
Supporting Services	<u>316,667</u>
Total	<u>\$ 681,540</u>

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 5: LONG-TERM DEBT

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

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021	Due In One Year
Governmental Activities					
2015 GO Bonds	\$ 3,065,000	\$ -	\$ 735,000	\$ 2,330,000	\$ 750,000
Bond Premium	111,915	-	27,978	83,937	-
Capital Leases	1,023,654	-	97,551	926,103	99,887
Net Pension Liability	14,139,316	1,516,534	-	15,655,850	-
OPEB Liability	695,177	-	125,913	569,264	-
Compensated Absences	159,240	84,449	44,586	199,103	-
Total	<u>\$ 19,194,302</u>	<u>\$ 1,600,983</u>	<u>\$ 1,031,028</u>	<u>\$ 19,764,257</u>	<u>\$ 849,887</u>

2015 General Obligation Bonds

The District issued \$5,995,000 of Series 2015 General Obligation Bonds. Proceeds of the bonds were used to partially refund the 2005 bonds. The bonds carry interest rates ranging from 2% to 4%. Semi-annual interest payments are due on June 1 and December 1 of each year. Principal payments on the bonds are due on December 1 through 2023. Payments are made through the District's Bond Redemption Fund.

Annual debt service requirements on the bonds are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 750,000	\$ 81,950	\$ 831,950
2023	775,000	63,200	838,200
2024	805,000	32,200	837,200
Total	<u>\$ 2,330,000</u>	<u>\$ 177,350</u>	<u>\$ 2,507,350</u>

Capital Leases

2018 Copier Lease

In 2018, the District entered into a capital lease arrangement in the amount of \$127,019 for the purchase of copiers. The lease carries an interest rate of 11.7%. Monthly principal and interest payments in the amount of \$2,397 are due through 2022. The District has capitalized assets related to this lease in the amount of \$127,019. In the event of default, the lessor may withhold service, supplies, etc., require all past and current amounts be paid in addition to the remaining monthly payments and charges discounted at four percent, and the present value of the amount of any purchase option.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 5: **LONG-TERM DEBT** (Continued)

Capital Leases (Continued)

2018 Copier Lease (Continued)

The District may be required to return the equipment to a location designated by the lessor, immediately terminate rights to use the equipment, and obtain the equipment to sell at a public or private sale.

Future minimum lease payments under the capital leases are as follows:

Fiscal Year	Amount
2022	\$ 26,367
Less Interest at 11.7%	(1,331)
Present Value of Future Payments	\$ 25,036

2016 Energy Efficiency Lease

In 2016, the District entered into a capital lease arrangement in the amount of \$1,196,074 for energy efficiency improvements, including upgrades to lighting throughout the District's facilities. The lease carries an interest rate of 2.85%. Annual lease payments are due on May 1 through 2031. The District has capitalized assets related to the lease in the amount of \$1,109,074. In the event of default, all past due, current, and future amounts will become immediately due and payable. The District would be required to return equipment to the lessor at the District's expense. The lessor may sell, lease, or otherwise dispose of any equipment under the lease, demand payment of all out-of-pocket costs incurred by the lessor, and exercise any other right, remedy, or privilege available under applicable laws.

Future minimum lease payments under the capital leases are as follows:

Fiscal Year	Amount
2022	\$ 100,531
2023	103,344
2024	106,237
2025	109,214
2026	112,276
2027-2031	511,545
Future Minimum Lease Payments	1,043,147
Interest at 2.85%	(142,080)
Present Value of Future Payments	\$ 901,067

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: INTERFUND BALANCES AND TRANSFERS

At June 30, 2021, the Food Service Fund, Designated Grants Fund, Bond Redemption Fund, and Swimming Pool Fund, owe \$128,193, \$110,545, \$13,785, and \$6,610, respectively, to the General Fund for expenses paid by the General Fund on behalf of the funds.

At June 30, 2021, the General Fund owes the Student Activities Fund \$519 for amounts collected by the General Fund on the Student Activities Fund's behalf.

During the year ended June 30, 2021, the General Fund transferred \$55,000 to the Food Service Fund to support the operations of that fund.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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 District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the Pension Plan (Continued)

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

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

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

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.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the Pension Plan (Continued)

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 the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 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:

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the 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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,084,051 for the year ended June 30, 2021.

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 District’s proportion of the net pension liability was based on the District’s 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 District reported a liability of \$15,655,850 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$15,655,850
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$-0-
Total	\$15,655,850

At December 31, 2020, the District’s proportion was 0.1035 percent, which was an increase of 0.0089% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$3,770,996) and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$860,211	N/A
Changes of assumptions or other inputs	\$1,506,044	\$2,631,616
Net difference between projected and actual earnings on pension plan investments	N/A	\$3,446,209
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$1,427,777	\$948,827
Contributions subsequent to the measurement date	\$546,006	N/A
Total	\$4,340,038	\$7,026,652

\$546,006 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:	
2022	(\$3,031,371)
2023	\$760,294
2024	(\$417,884)
2025	(\$543,659)

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:

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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.

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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.

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.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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:

- 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.

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Several factors 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%	

¹The 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.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

- The AIR balance was excluded from the initial 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.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$21,355,861	\$15,655,850	\$10,905,862

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.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Summary of Significant Accounting Policies

OPEB. The District participates The District 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.

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

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the OPEB Plan (Continued)

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.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

General Information about the OPEB Plan (Continued)

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$55,621 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 District reported a liability of \$569,264 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 District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

At December 31, 2020, the proportion was 0.0599 percent, which was a decrease of 0.0019% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$111,830. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,511	\$125,152
Changes of assumptions or other inputs	\$4,253	\$34,907
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$23,261
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$71,968
Contributions subsequent to the measurement date	\$28,015	N/A
Total	\$33,779	\$255,288

\$28,015 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:

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

Year ended June 30:	
2022	(\$63,497)
2023	(\$60,243)
2024	(\$57,861)
2025	(\$47,267)
2026	(\$19,400)
Thereafter	(\$1,256)

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

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

In determining the additional liability for PERACare enrollees who are age 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 Adjusted
	Monthly Cost	Monthly Premium	
Medicare Advantage/Self-Insured Kaiser Permanente	\$588	\$227	\$550
Medicare Advantage	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:

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

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

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

	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

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.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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:

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

- **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 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:

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

- 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.

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare	7.10%	8.10%	9.10%
Ultimate PERACare	3.50%	4.50%	5.50%
Initial Medicare Part	2.50%	3.50%	4.50%
Ultimate Medicare	3.50%	4.50%	5.50%
Net OPEB Liability	\$554,551	\$569,264	\$586,392

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 percent.

PLATTE CANYON SCHOOL DISTRICT 1
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$652,102	\$569,264	\$498,485

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

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

Tabor Amendment

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

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

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2021, the emergency reserve of \$407,803 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 10: RESTATEMENT OF BEGINNING BALANCES

The beginning fund balance of the General Fund was increased by \$411,246 to correct unearned grant revenue balances.

NOTE 11: DEFICIT NET POSITION

The net position of the governmental activities is in a deficit position in the amount of \$3,441,336 due to the District including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

PLATTE CANYON SCHOOL DISTRICT 1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 12: **UNCERTAINTIES**

COVID19 Pandemic

As a result of the coronavirus pandemic, economic uncertainties may continue to have a significant impact on the financial position, results of operations, and cash flows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 3,302,868	\$ 3,285,345	\$ 3,360,340	\$ 74,995
Specific Ownership Taxes	292,871	455,385	573,591	118,206
Earnings on Investments	25,000	25,000	6,989	(18,011)
All Other Local Revenue Codes	274,091	187,591	392,579	204,988
Total Local Sources	<u>3,894,830</u>	<u>3,953,321</u>	<u>4,333,499</u>	<u>380,178</u>
State Sources				
State Equalization	4,851,758	4,113,443	4,236,595	123,152
Colorado Early Literacy Grant	-	99,667	99,667	-
Exceptional Children's Education Act	2,500	2,500	174,045	171,545
Transportation	145,000	145,000	145,676	676
Rural Schools Funding	-	-	290,734	290,734
All Other State Revenue	289,830	308,049	148,203	(159,846)
Total State Sources	<u>5,289,088</u>	<u>4,668,659</u>	<u>5,094,920</u>	<u>426,261</u>
Federal Sources				
Cares Act	-	118,947	700,177	581,230
Medicaid	58,397	58,397	59,956	1,559
Total Federal Sources	<u>58,397</u>	<u>177,344</u>	<u>760,133</u>	<u>582,789</u>
TOTAL REVENUES	<u>9,242,315</u>	<u>8,799,324</u>	<u>10,188,552</u>	<u>1,389,228</u>
EXPENDITURES				
Instruction				
Salaries	3,412,020	3,179,284	3,324,064	(144,780)
Employee Benefits	1,070,745	1,034,914	997,268	37,646
Purchased Services	538,576	696,248	640,960	55,288
Supplies and Materials	90,239	72,094	135,013	(62,919)
Property	5,916	4,450	6,703	(2,253)
Other Objects and Uses	13,500	12,700	13,887	(1,187)
Total Instruction	<u>5,130,996</u>	<u>4,999,690</u>	<u>5,117,895</u>	<u>(118,205)</u>

(Continued)

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES (Continued)				
Supporting Services				
Guidance and Nursing				
Salaries	150,252	330,134	186,874	143,260
Employee Benefits	45,625	107,391	59,122	48,269
Purchased Services	101,500	105,905	65,067	40,838
Supplies and Materials	7,850	15,171	1,940	13,231
Property	-	500	-	500
Other Objects and Uses	-	800	-	800
Total Students	<u>305,227</u>	<u>559,901</u>	<u>313,003</u>	<u>246,898</u>
Staff Development/Library				
Salaries	156,379	112,233	155,214	(42,981)
Employee Benefits	54,451	29,252	49,494	(20,242)
Purchased Services	127,310	127,780	346,279	(218,499)
Supplies and Materials	26,000	74,779	68,728	6,051
Property	109,000	80,150	63,985	16,165
Other Objects and Uses	200	200	-	200
Total Instructional Staff	<u>473,340</u>	<u>424,394</u>	<u>683,700</u>	<u>(259,306)</u>
General Administration				
Salaries	70,500	48,265	50,359	(2,094)
Employee Benefits	21,577	25,986	18,533	7,453
Purchased Services	32,650	25,450	21,493	3,957
Supplies and Materials	1,350	10,375	9,981	394
Property	400	400	37	363
Other Objects and Uses	17,100	17,800	12,815	4,985
Total General Administration	<u>143,577</u>	<u>128,276</u>	<u>113,218</u>	<u>15,058</u>
School Administration				
Salaries	620,714	550,420	556,631	(6,211)
Employee Benefits	201,933	171,964	161,572	10,392
Purchased Services	2,300	2,300	909	1,391
Supplies and Materials	5,200	9,306	11,481	(2,175)
Property	1,450	1,450	1,483	(33)
Other Objects and Uses	2,505	2,140	2,241	(101)
Total School Administration	<u>834,102</u>	<u>737,580</u>	<u>734,317</u>	<u>3,263</u>

(Continued)

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Administration				
Salaries	121,861	121,861	132,320	(10,459)
Employee Benefits	34,467	34,623	34,837	(214)
Purchased Services	28,760	26,160	20,987	5,173
Supplies and Materials	44,450	46,601	44,484	2,117
Property	500	500	925	(425)
Other Objects and Uses	800	800	65	735
Total Business Services	<u>230,838</u>	<u>230,545</u>	<u>233,618</u>	<u>(3,073)</u>
Operations and Maintenance				
Salaries	428,819	412,194	375,345	36,849
Employee Benefits	158,772	147,682	126,048	21,634
Purchased Services	148,090	154,270	164,161	(9,891)
Supplies and Materials	365,900	367,876	386,803	(18,927)
Property	11,000	16,085	14,404	1,681
Total Operations and Maintenance	<u>1,112,581</u>	<u>1,098,107</u>	<u>1,066,761</u>	<u>31,346</u>
Student Transportation				
Salaries	364,619	364,754	345,365	19,389
Employee Benefits	115,249	110,551	112,058	(1,507)
Purchased Services	18,500	16,200	10,797	5,403
Supplies and Materials	68,700	51,735	55,659	(3,924)
Property	48,000	53,000	52,431	569
Total Student Transportation	<u>615,068</u>	<u>596,240</u>	<u>576,310</u>	<u>19,930</u>
Central Support				
Salaries	54,080	54,080	56,768	(2,688)
Employee Benefits	17,527	17,683	17,737	(54)
Purchased Services	292,180	292,030	224,237	67,793
Supplies and Materials	16,200	24,595	23,434	1,161
Property	800	3,851	3,712	139
Total Central Support	<u>380,787</u>	<u>392,239</u>	<u>325,888</u>	<u>66,351</u>
Other Support				
Salaries	12,500	179,766	282,801	(103,035)
Employee Benefits	4,500	48,786	53,464	(4,678)
Total Other Support	<u>17,000</u>	<u>228,552</u>	<u>336,265</u>	<u>(107,713)</u>

(Continued)

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Facilities/Capital Outlay				
Purchased Services	159,184	124,184	7,589	116,595
Property	20,000	130,223	124,623	5,600
Debt Service	95,141	95,141	97,798	(2,657)
Total Facilities/Capital Outlay	<u>274,325</u>	<u>349,548</u>	<u>230,010</u>	<u>119,538</u>
Total Supporting Services	<u>4,386,845</u>	<u>4,745,382</u>	<u>4,613,090</u>	<u>132,292</u>
RESERVES				
Contingency			-	-
Operating Reserve	-	-	-	-
Assigned Reserves	-	-	-	-
Emergency Reserves	-	-	-	-
TOTAL RESERVES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>9,517,841</u>	<u>9,745,072</u>	<u>9,730,985</u>	<u>14,087</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(275,526)</u>	<u>(945,748)</u>	<u>457,567</u>	<u>1,403,315</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(45,000)</u>	<u>(97,901)</u>	<u>(55,000)</u>	<u>42,901</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,000)</u>	<u>(97,901)</u>	<u>(55,000)</u>	<u>42,901</u>
CHANGE IN FUND BALANCE	(320,526)	(1,043,649)	402,567	1,446,216
FUND BALANCES, Beginning, Restated	<u>3,750,673</u>	<u>3,750,673</u>	<u>4,954,699</u>	<u>1,204,026</u>
FUND BALANCES, Ending	<u>\$ 3,430,147</u>	<u>\$ 2,707,024</u>	<u>\$ 5,357,266</u>	<u>\$ 2,650,242</u>

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 FOOD SERVICE FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources	\$ 101,160	\$ 24,780	\$ 41,603	\$ 16,823
State Sources	5,515	5,408	3,798	(1,610)
Federal Sources	116,250	201,635	275,498	73,863
TOTAL REVENUES	<u>222,925</u>	<u>231,823</u>	<u>320,899</u>	<u>89,076</u>
EXPENDITURES				
Supporting Services				
Salaries	110,876	107,430	93,933	13,497
Benefits	27,853	27,876	27,389	487
Purchased Services	5,000	5,000	3,002	1,998
Food	107,900	88,350	155,806	(67,456)
Other Supplies	-	63,716	55,609	8,107
Property	5,000	23,031	18,976	4,055
Other Objects and Uses	2,000	2,000	343	1,657
TOTAL EXPENDITURES	<u>258,629</u>	<u>317,403</u>	<u>355,058</u>	<u>(37,655)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,704)</u>	<u>(85,580)</u>	<u>(34,159)</u>	<u>51,421</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	45,000	97,166	55,000	(42,166)
CHANGE IN FUND BALANCE	9,296	11,586	20,841	9,255
FUND BALANCES, Beginning	30,332	30,332	5,871	(24,461)
FUND BALANCES, Ending	<u>\$ 39,628</u>	<u>\$ 41,918</u>	<u>\$ 26,712</u>	<u>\$ (15,206)</u>

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 DESIGNATED GRANTS FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Federal Sources	\$ 400,202	\$ 404,065	\$ 397,443	\$ (6,622)
TOTAL REVENUES	400,202	404,065	397,443	(6,622)
EXPENDITURES				
Instruction				
Salaries	220,493	224,356	226,637	(2,281)
Benefits	84,780	84,780	77,197	7,583
Purchased Services	4,952	4,952	1,160	3,792
Materials and Supplies	9,600	9,600	-	9,600
Property	1,377	1,377	6,074	(4,697)
Other Objects and Uses	50	50	-	50
Total Instruction	321,252	325,115	311,068	14,047
Supporting Services				
Salaries	35,717	35,717	52,006	(16,289)
Benefits	11,271	11,271	4,133	7,138
Purchased Services	8,187	8,187	-	8,187
Materials and Supplies	1,691	1,691	453	1,238
Property	22,084	22,084	29,783	(7,699)
Other	-	-	-	-
Total Supporting Services	78,950	78,950	86,375	(7,425)
TOTAL EXPENDITURES	400,202	404,065	397,443	6,622
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

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

Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.1036%	0.0946%	0.0960%	0.1157%	0.1217%	0.1279%	0.1328%	0.1421%
Proportionate Share of the Net Pension Liability (Asset)	\$ 15,655,850	\$ 14,139,316	\$ 16,994,316	\$ 37,398,411	\$ 36,220,517	\$ 19,563,383	\$ 17,992,775	\$ 18,122,121
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	-	1,793,393	2,323,737	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 15,655,850	\$ 15,932,709	\$ 19,318,053	\$ 37,398,411	\$ 36,220,517	\$ 19,563,383	\$ 17,992,775	\$ 18,122,121
Covered payroll	\$ 5,540,027	\$ 5,525,893	\$ 5,276,252	\$ 5,334,985	\$ 5,459,961	\$ 5,574,417	\$ 5,561,486	\$ 5,727,651
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.6%	255.87%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

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

PLATTE CANYON SCHOOL DISTRICT 1

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

Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 1,084,051	\$ 1,070,918	\$ 1,009,347	\$ 993,908	\$ 989,891	\$ 966,046	\$ 913,752	\$ 889,504
Contributions in Relation to the Contractually Required Contributions	1,084,051	1,070,918	1,009,347	993,908	989,891	966,046	913,752	889,504
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,453,020	\$ 5,525,893	\$ 5,276,252	\$ 5,334,985	\$ 5,459,961	\$ 5,574,417	\$ 5,561,486	\$ 5,727,651
Contributions as a Percentage of Covered Payroll	19.88%	19.38%	19.13%	18.63%	18.13%	17.33%	16.43%	15.53%

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

PLATTE CANYON SCHOOL DISTRICT 1

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

Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability (Asset)	0.0599%	0.0618%	0.0624%	0.0657%	0.0691%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 569,264	\$ 695,177	\$ 848,762	\$ 854,022	\$ 896,534
Covered payroll	\$ 5,540,027	\$ 5,525,893	\$ 5,276,252	\$ 5,334,985	\$ 5,459,961
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.3%	12.58%	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%

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

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 55,621	\$ 56,364	\$ 53,818	\$ 54,417	\$ 55,692
Contributions in Relation to the Contractually Required Contributions	<u>55,621</u>	<u>56,364</u>	<u>53,818</u>	<u>54,417</u>	<u>55,692</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,453,020	\$ 5,525,893	\$ 5,276,252	\$ 5,334,985	\$ 5,459,961
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

PLATTE CANYON SCHOOL DISTRICT 1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	STUDENT ACTIVITIES FUND	SWIMMING POOL FUND	TOTALS
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 142,374	\$ 116,671	\$ 259,045
Due From Other Funds	519	-	519
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 142,893</u>	<u>\$ 116,671</u>	<u>\$ 259,564</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due To Other Funds	\$ -	\$ 6,610	\$ 6,610
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>6,610</u>	<u>6,610</u>
FUND EQUITY			
Assigned	<u>142,893</u>	<u>110,061</u>	<u>252,954</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>142,893</u>	<u>110,061</u>	<u>252,954</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 142,893</u>	<u>\$ 116,671</u>	<u>\$ 259,564</u>

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	STUDENT ACTIVITIES FUND	SWIMMING POOL FUND	TOTALS
REVENUES			
Local Sources	\$ 131,312	\$ 188,209	\$ 319,521
TOTAL REVENUES	<u>131,312</u>	<u>188,209</u>	<u>319,521</u>
EXPENDITURES			
Current			
Instruction	101,925	-	101,925
Supporting Services	<u>-</u>	<u>163,100</u>	<u>163,100</u>
TOTAL EXPENDITURES	<u>101,925</u>	<u>163,100</u>	<u>265,025</u>
NET CHANGE IN FUND BALANCES	29,387	25,109	54,496
FUND BALANCES, Beginning	<u>113,506</u>	<u>84,952</u>	<u>198,458</u>
FUND BALANCES, Ending	<u>\$ 142,893</u>	<u>\$ 110,061</u>	<u>\$ 252,954</u>

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 STUDENT ACTIVITIES FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Other	\$ 157,786	\$ 157,786	\$ 131,312	\$ (26,474)
TOTAL REVENUES	<u>157,786</u>	<u>157,786</u>	<u>131,312</u>	<u>(26,474)</u>
EXPENDITURES				
Instruction				
Purchased Services	-	-	4,670	(4,670)
Materials and Supplies	189,281	189,281	97,130	92,151
Other Objects and Uses	-	-	125	(125)
TOTAL EXPENDITURES	<u>189,281</u>	<u>189,281</u>	<u>101,925</u>	<u>87,356</u>
CHANGE IN FUND BALANCE	(31,495)	(31,495)	29,387	60,882
FUND BALANCE, Beginning	<u>113,030</u>	<u>113,030</u>	<u>113,506</u>	<u>476</u>
FUND BALANCE, Ending	<u>\$ 81,535</u>	<u>\$ 81,535</u>	<u>\$ 142,893</u>	<u>\$ 61,358</u>

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 SWIMMING POOL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 99,783	\$ 99,783	\$ 103,687	\$ 3,904
Charges for Services	95,000	65,000	84,522	19,522
TOTAL REVENUES	194,783	164,783	188,209	23,426
EXPENDITURES				
Supporting Services				
Salaries	80,285	85,285	98,433	(13,148)
Benefits	23,003	23,160	26,958	(3,798)
Purchased Services	4,200	4,200	1,457	2,743
Supplies	41,500	39,235	34,112	5,123
Property	33,500	3,500	867	2,633
Other Objects and Uses	13,500	8,500	1,273	7,227
TOTAL EXPENDITURES	195,988	163,880	163,100	780
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,205)	903	25,109	24,206
OTHER FINANCING SOURCES (USES)				
Transfers In	-	735	-	(735)
CHANGE IN FUND BALANCE	(1,205)	1,638	25,109	23,471
FUND BALANCE, Beginning	63,978	63,978	84,952	20,974
FUND BALANCE, Ending	\$ 62,773	\$ 65,616	\$ 110,061	\$ 44,445

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1

BUDGETARY COMPARISON SCHEDULE
 BOND REDEMPTION FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 850,500	\$ 850,500	\$ 806,534	\$ (43,966)
Earnings on Investments	1,200	1,200	565	(635)
TOTAL REVENUES	851,700	851,700	807,099	(44,601)
EXPENDITURES				
Supporting Services				
Purchased Services	7,500	7,500	858	6,642
Debt Service				
Principal	735,000	735,000	735,000	-
Interest	89,300	89,300	89,300	-
TOTAL EXPENDITURES	831,800	831,800	825,158	6,642
CHANGE IN FUND BALANCE	19,900	19,900	(18,059)	(37,959)
FUND BALANCE, Beginning	892,652	892,652	951,098	58,446
FUND BALANCE, Ending	\$ 912,552	\$ 912,552	\$ 933,039	\$ 20,487

See the accompanying independent auditor's report.



Colorado Department of Education
Auditors Integrity Report
 District: 2600 - Platte Canyon 1
 Fiscal Year 2020-21
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	4,966,329		10,016,691	9,363,623		5,619,397
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	-11,630		116,861	367,362		-262,131
Sub-Total	4,954,699		10,133,552	9,730,985		5,357,266
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	84,952		188,210	163,100		110,062
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	13,179		375,899	362,366		26,712
22 Govt Designated-Purpose Grants Fund	0		397,443	397,443		0
23 Pupil Activity Special Revenue Fund	113,510		131,312	101,929		142,893
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	951,098		807,099	825,158		933,039
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	6,117,438		12,033,515	11,580,982		6,569,972
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0

FINAL

COMPLIANCE

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

Board of Education
Platte Canyon School District 1
Bailey, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Canyon School District (the "District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PB Solutions LLC

December 15, 2021

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

Board of Education
Platte Canyon School District 1
Bailey, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Platte Canyon School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Platte Canyon School District 1's major federal programs for the year ended June 30, 2021. The Platte Canyon School District 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Platte Canyon School District 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Platte Canyon School District 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Platte Canyon School District 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Platte Canyon School District 1 has complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Platte Canyon School District 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Platte Canyon School District 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Platte Canyon School District 1's internal control over compliance.

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

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

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

PB Solutions LLC

December 15, 2021

PLATTE CANYON SCHOOL DISTRICT 1
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entitiy's Indentification Number	Total Federal Expenditures
<u>U. S. Department of Treasury</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Coronavirus Relief Fund	21.019	4012	\$ 489,523
Coronavirus Relief Fund	21.019	5012	23,724
Coronavirus Relief Fund	21.019	5012	<u>95,223</u>
Total U.S. Department of Treasury			<u>608,470</u>
<u>U. S. Department of Education</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	4010	116,631
Special Education Grants to States	84.027	4027	187,101
Career and Technical Education - Basic Grants to States	84.048	4048	7,234
Special Education Preschool Grants	84.173	4173	1,271
Rural Education Initiatives	84.358	4358	47,658
Supporting Effective Instruction State Grants, Title II, Part A	84.367	4367	27,548
Student Support and Academic Enrichment Program	84.424	4424	10,000
Education Stabilization Fund	84.425	4425	<u>91,707</u>
Total U.S. Department of Education			<u>489,150</u>
<u>U. S. Department of Agriculture</u>			
<i>Passed-Through the Colorado Department of Education</i>			
National School Lunch Program	(1) 10.555	4555	20,115
School Breakfast Program	(1) 10.553	4553	918
Summer Food Service Program	(1) 10.559	4559	235,780
Child Nutrition Discretionary Grants	10.579		15,031
<i>Passed-Through the Colorado Department of Human Services Food Distribution</i>			
Commodity Supplemental Food Program	(1) 10.555	none	<u>3,654</u>
Total U.S. Department of Agriculture			<u>275,498</u>
Total Expenditures of Federal Awards			<u>\$ 1,373,118</u>

(1) Part of the Child Nutrition Cluster, total Cluster expenditures 260,467

See the accompanying independent auditor's report.

PLATTE CANYON SCHOOL DISTRICT 1
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District. The Schedule includes federally funded amounts of pass-through awards received by the District through the State of Colorado. The information this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule represents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in position or cash flows of the District.
2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. The District has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2021, the District did not pass through any federal funds to subrecipients.
4. For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
5. Commodities donated to the Organization by the U.S. Department of Agriculture (USDA) are valued based on the USDA's Donated Commodity Price List. The commodities are recognized as revenue when received. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The Organization recognized noncash awards of \$3,654 for the year ended June 30, 2021.

PLATTE CANYON SCHOOL DISTRICT 1

Schedule Findings and Questioned Costs
For the year ended June 30, 2021

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings

No findings noted.