

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

**BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

## TABLE OF CONTENTS

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditor's Report	
Management's Discussion and Analysis	M1 – M5
<b>Basic Financial Statements</b>	
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 – 44
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	45 – 48
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA School Division Trust Fund Plan	49
Schedule of the District's Contributions – PERA School Division Trust Fund Plan	50
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA Health Care Trust Fund Plan	51
Schedule of the District's Contributions – PERA Health Care Trust Fund Plan	52

## TABLE OF CONTENTS

<b>Other Information</b>	<b>PAGE</b>
<b>Combining and Individual Fund Statements and Schedules</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	54
Budgetary Comparison Schedule – Food Service Fund	55
Budgetary Comparison Schedule – Student Activity Fund	56
Budgetary Comparison Schedule – Bond Redemption Fund	57
Budgetary Comparison Schedule – Capital Projects Fund	58
<b>Auditor’s Integrity Report</b>	59
<b>Compliance Section</b>	
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>Government Auditing Standards</i>	60 – 61
Independent Auditor’s Report On Compliance for Each Major Federal Program, and Report On Internal Control over Compliance Required by the <i>Uniform Guidance</i>	62 – 64
Schedule of Expenditures of Federal Awards	65
Notes to The Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs	67 – 68

## **FINANCIAL SECTION**



**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

Board of Education  
Peyton School District 23JT  
Peyton, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peyton School District 23JT (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Peyton School District 23JT as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 45-52 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 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 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 March 1, 2023, 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*

Littleton, Colorado  
March 1, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

The discussion and analysis of Peyton School District 23JT's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

**Financial Highlights**

The district's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a sound fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs. Overall District net position increased \$2,835,439 to (\$1,429,305). General Fund equity decreased \$298,074 to \$2,016,323.

**Using the Basic Financial Statements**

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

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

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

**Financial Analysis of the District as a Whole**

The District's total net position was (\$1,429,305) as of June 30, 2022.

The District's Governmental net position increased by \$2,835,439 from 2021-2022. This is primarily due to the change in the Long-Term Pension (PERA) and OPEB related costs. The district's liabilities for governmental activities, including long term debt and net pension liability, exceeds assets, including capital assets (land, buildings, and equipment), in fiscal year 2021-2022 by \$1,429,05 (deficit net position). The deficit is a result of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net liability on the Statement of Net Position beginning the 2014-2015 fiscal year. More information on GASB Statement 68 can be found in the notes to the financial statements.

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

Fiduciary Fund Statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others whom the resources in question belong.

The District's total net position was (\$1,429,305) as of June 30, 2022. The District has a negative unrestricted net position of \$7,847,123. This is a result of the inclusion of the PERA and OPEB liabilities and related deferred inflows and deferred outflows of resources reported as described in the Notes to the Financial Statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

**Government-Wide Financial Statements**

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

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

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

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

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

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

	Governmental Activities	
	<u>6/30/2022</u>	<u>6/30/2021</u>
Cash and Investments	\$ 2,989,409	\$ 3,368,055
Restricted Cash and Investments	594,732	760,864
Other Assets	883,919	568,380
Capital Assets, Net	6,629,609	6,849,328
Right to Use Assets, Net	164,452	-
Total Assets	<u>11,262,121</u>	<u>11,546,627</u>
Deferred Outflow of Resources	<u>2,231,492</u>	<u>3,492,283</u>
Current Liabilities	1,604,963	1,286,302
Accrued Interest	2,348	3,662
Noncurrent Liabilities	9,437,894	13,103,103
Total Liabilities	<u>11,045,205</u>	<u>14,393,067</u>
Deferred Inflow of Resources	<u>3,877,713</u>	<u>4,910,587</u>
Net Position		
Net Investment in Capital Assets	5,298,837	5,142,208
Restricted	1,118,981	1,389,876
Unrestricted	(7,847,123)	(10,796,828)
Total Net Position	<u>\$ (1,429,305)</u>	<u>\$ (4,264,744)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

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

	Governmental Activities	
	6/30/2022	6/30/2021
Program Revenue:		
Charges for Services	\$ 390,029	\$ 423,108
Operating Grants and Contributions	1,593,040	1,539,119
Total Program Revenue	1,983,069	1,962,227
General Revenue:		
Local Property Taxes	1,851,678	1,594,422
Specific Ownership Taxes	188,744	181,311
State Equalization	4,293,272	4,223,883
Investment Earnings	8,593	8,030
Other	32,642	74,325
Total General Revenue	6,374,929	6,081,971
Total Revenue	8,357,998	8,044,198
Expenses:		
Instruction	2,678,233	2,314,638
Supporting Services	2,818,590	2,411,560
Interest and Fiscal Charges	25,736	28,738
Total Expenses	5,522,559	4,754,936
Increase (Decrease) in Net Position	2,835,439	3,289,262
Beginning Net Position	(4,264,744)	(7,554,006)
Ending Net Position	\$ (1,429,305)	\$ (4,264,744)

The District's Governmental net position increased by \$2,835,439 from 2021 to 2022. The largest changes were described above.

**Reporting the District's Most Significant Funds**

The analysis of the District's major funds begins on page 3. Fund financial reports provide detailed information about the District's major funds. The District's major funds are the General, Capital Projects, and Bond Redemption.

**Governmental Funds.** Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's governmental funds consist of the General, Bond Redemption, and Capital Projects. The General Fund accounts for the majority of the District's instruction

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

and support operations. The Capital Projects Fund account for the District's capital needs. The Bond Redemption Fund accounts for the repayment of the District's bonded debt.

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

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

**Fiduciary Funds.** As mentioned previously, due to the implementation of GASB Statement 84, Fiduciary funds are now reported as a Special Revenue Fund because the resources of those funds are available to be spent by the overseeing sponsor of the program such as the coach or teacher. The Student.

### **Fund Financial Statements**

As of June 30, 2022, the District's governmental funds reported a combined fund balance of \$2,839,056 which is a decrease of \$546,171 from the June 30, 2021, balance. The following is additional information by fund which contributed to the change.

General Fund equity decreased \$298,074 from 2021 to 2022. Overall revenues increased by \$425,828 from the prior year while expenditures increased by \$984,199.

The Capital Project Fund Balance decreased by \$117,960. This was due to a purchase of a school bus and other capital improvements.

Bond Redemption Fund fund balance decreased by \$163,935.

### **Capital Assets**

As of June 30, 2022 the District had \$6,794,061 invested in a broad range of capital assets, including buildings and improvements, transportation and other equipment. The District reports total additions to capital assets in the amount of \$348,288 and depreciation and amortization expense of \$403,555. More information can be found on page 17 of this report.

### Change in Accounting Principles

During the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the District's financial statements for the year ended June 30, 2022. Additional information can be found on page 20 of this report.

### **Debt Administration**

As of June 30, 2022 the District reports outstanding debt balances on its Series 2011 General Obligations Bonds and 2011 Certificates of Participation in the amount of \$590,000 and \$520,000. Additional information can be found on page 18 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

**General Fund Budget**

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

General Fund revenues were \$900,260 less than the amount budgeted, with the main differences related to Education Stabilization Grants.

General Fund Expenditures in the amount of \$7,982,039 were less than budgeted in the amount of \$474,741. The difference is primarily attributable to the timing of spending of Education Stabilization Funds.

**The Future of the District**

Factors that will affect next year's budget will continue to revolve around the impact of the COVID-19 pandemic, and a continued fluctuation in student enrollment. There is still an unknown around what the budget stabilization factor will look like in the coming years. In the 2022-2023 school year, Peyton School District's portion of the state budget was decreased by \$237,820, bringing the total in lost revenue to over \$8.1 million.

Currently Peyton School District is working to develop professional development and programs of support to bolster staff retention. Additionally, more CTE programming and bolstered concurrent enrollment options are being provided for students. From this, the Peyton School District hopes to increase in student enrollment and retention. The actual (non-averaged) student count has increased from the previous school year. The 5-year average student count projection for the 2022-2023 school year was estimated to be slightly lower than the previous year. Based on interested and projected growth, in- district and out of district student enrollment is expected to increase.

Economically, our district is still projecting growth in the next 2-7 years. Due to inflation, rise in interest rates, and an overall economic downturn. The anticipated housing development of 3,200 homes has not started building homes as was expected. There is no current timeline for when the development will start construction.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF NET POSITION

June 30, 2022

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and Investments	\$ 2,989,409
Restricted Cash and Investments	594,732
Cash Held with County Treasurer	36,148
Taxes Receivable	72,185
Accounts Receivable	762,856
Prepaid Expenses	8,400
Inventories	4,330
Capital Assets, Depreciated, Net of Accumulated Depreciation	6,629,609
Right to Use Assets, Net of Accumulated Amortization	164,452
<b>TOTAL ASSETS</b>	<b>11,262,121</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Related to Pensions	2,179,684
Related to OPEB	51,808
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,231,492</b>
<b>LIABILITIES</b>	
Accounts Payable	94,205
Accrued Salaries and Benefits	833,133
Unearned Revenue	677,625
Accrued Interest Payable	2,348
Noncurrent Liabilities	
Due Within One Year	364,486
Due in More Than One Year	966,286
Compensated Absences	165,730
Net Pension Liability	7,574,915
Net OPEB Liability	366,477
<b>TOTAL LIABILITIES</b>	<b>11,045,205</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	3,734,364
Related to OPEB	143,349
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,877,713</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	5,298,837
Restricted	1,118,981
Unrestricted	(7,847,123)
<b>TOTAL NET POSITION</b>	<b>\$ (1,429,305)</b>

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

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

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					
<b>Governmental Activities</b>					
Instruction	\$ 2,678,233	\$ 390,029	\$ 472,549	\$ -	\$ (1,815,655)
Supporting Services	2,818,590	-	1,120,491	-	(1,698,099)
Interest and Fiscal Charges	25,736	-	-	-	(25,736)
Total Governmental Activities	5,522,559	390,029	1,593,040	-	(3,539,490)
GENERAL REVENUES					
					1,851,678
					188,744
					4,293,272
					32,642
					8,593
					<u>6,374,929</u>
					CHANGE IN NET POSITION 2,835,439
					NET POSITION, Beginning <u>(4,264,744)</u>
					NET POSITION, Ending <u>\$ (1,429,305)</u>

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

PEYTON SCHOOL DISTRICT 23JT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Investments	\$ 2,774,401	\$ -	\$ 5,785	\$ 209,223	\$ 2,989,409
Restricted Cash and Investments	-	594,732	-	-	594,732
Cash Held at County Treasurer	34,765	1,383	-	-	36,148
Due From Other Funds	-	-	-	-	-
Taxes Receivable	66,976	5,209	-	-	72,185
Other Receivables	735,956	-	-	26,900	762,856
Prepaid Expenses	8,400	-	-	-	8,400
Inventory	-	-	-	4,330	4,330
<b>TOTAL ASSETS</b>	<u>\$ 3,620,498</u>	<u>\$ 601,324</u>	<u>\$ 5,785</u>	<u>\$ 240,453</u>	<u>\$ 4,468,060</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 93,642	\$ -	\$ -	563	\$ 94,205
Due To Other Funds	-	-	-	-	-
Accrued Salaries and Benefits	825,088	-	-	8,045	833,133
Unearned Revenues	663,225	-	-	14,400	677,625
<b>TOTAL LIABILITIES</b>	<u>1,581,955</u>	<u>-</u>	<u>-</u>	<u>23,008</u>	<u>1,604,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Tax Revenues	22,220	1,821	-	-	24,041
<b>FUND BALANCES</b>					
Nonspendable	8,400	-	-	4,330	12,730
Restricted for Emergencies	209,915	-	-	-	209,915
Restricted for Mill Levy Override	309,563	-	-	-	309,563
Restricted for Debt Service	-	599,503	-	-	599,503
Committed for Fund Purpose	-	-	5,785	77,263	83,048
Assigned	-	-	-	135,852	135,852
Unassigned	1,488,445	-	-	-	1,488,445
<b>TOTAL FUND BALANCES</b>	<u>2,016,323</u>	<u>599,503</u>	<u>5,785</u>	<u>217,445</u>	<u>2,839,056</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,620,498</u>	<u>\$ 601,324</u>	<u>\$ 5,785</u>	<u>\$ 240,453</u>	<u>\$ 4,468,060</u>

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2022

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

Total fund balances of governmental funds	\$ 2,839,056
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, Not Depreciated	-	
Capital Assets, Depreciated	14,630,144	
Accumulated Depreciation	(8,000,535)	
Right to Use Assets	309,492	
Accumulated Amortization	<u>(145,040)</u>	6,794,061

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	24,041
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Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(613,092)	
COPs Payable	(520,000)	
Leases Payable	(197,680)	
Accrued Interest Payable	(2,348)	
Compensated Absences	(165,730)	
Net Pension Liability	(7,574,915)	
Net OPEB Liability	<u>(366,477)</u>	(9,440,242)

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 - Related to Pensions	2,179,684	
Deferred outflows of resources - Related to OPEB	51,808	
Deferred inflows of resources - Related to Pensions	(3,734,364)	
Deferred inflows of resources - Related to OPEB	<u>(143,349)</u>	<u>(1,646,221)</u>

Net position of governmental activities	<u>\$ (1,429,305)</u>
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The accompanying notes are an integral part of the financial statements.

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Local Sources	\$ 2,171,906	\$ 140,165	\$ 164	\$ 168,339	\$ 2,480,574
State Sources	5,059,377	-	-	2,602	5,061,979
Federal Sources	789,932	-	-	234,825	1,024,757
<b>TOTAL REVENUES</b>	<b>8,021,215</b>	<b>140,165</b>	<b>164</b>	<b>405,766</b>	<b>8,567,310</b>
<b>EXPENDITURES</b>					
Current					
Instruction	4,510,433	-	-	-	4,510,433
Supporting Services	3,447,629	-	-	371,968	3,819,597
Capital Outlay	23,977	-	356,076	-	380,053
Debt Service					
Principal	-	275,000	73,114	-	348,114
Interest	-	29,100	26,184	-	55,284
<b>TOTAL EXPENDITURES</b>	<b>7,982,039</b>	<b>304,100</b>	<b>455,374</b>	<b>371,968</b>	<b>9,113,481</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>39,176</b>	<b>(163,935)</b>	<b>(455,210)</b>	<b>33,798</b>	<b>(546,171)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer Out	(337,250)	-	-	-	(337,250)
Transfer In	-	-	337,250	-	337,250
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(337,250)</b>	<b>-</b>	<b>337,250</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(298,074)</b>	<b>(163,935)</b>	<b>(117,960)</b>	<b>33,798</b>	<b>(546,171)</b>
FUND BALANCES, Beginning	2,314,397	763,438	123,745	183,647	3,385,227
FUND BALANCES, Ending	<u>\$ 2,016,323</u>	<u>\$ 599,503</u>	<u>\$ 5,785</u>	<u>\$ 217,445</u>	<u>\$ 2,839,056</u>

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds		\$ (546,171)
<p>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.</p>		
	Capital Outlay	348,288
	Depreciation and Amortization	<u>(403,555)</u>
		(55,267)
<p>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.</p>		
		(1,729)
<p>Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.</p>		
	Bond Principal Payments	275,000
	COPs Principal Payments	45,000
	Leases Principal Payments	28,114
	Amortization of Bond Premium	28,234
	Changes in Accrued Interest Payable	1,314
	Changes in Compensated Absences	<u>32,748</u>
		410,410
<p>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.</p>		
	Deferred charges related to Pension Plan	2,981,980
	Deferred charges related to OPEB	<u>46,216</u>
		<u>3,028,196</u>
Change in net position of governmental activities		<u>\$ 2,835,439</u>

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

**Reporting Entity**

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

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

**Government-Wide and Fund Financial Statements**

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

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

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

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

**Assets, Liabilities, and Fund Balance/Net Position**

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

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

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

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure. On June 30, 2022, the District reports \$677,625 in unearned revenues, which is related to unspent grant funds.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were \$833,133. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are not limited to the amount of accumulated leave that can be carried to the next fiscal year. Upon termination of employment, employees are entitled to receive compensation for up to fifty accrued but not used sick days at \$50 per day. These compensated absences are recorded when paid in the governmental fund types. A long-term liability in the amount of \$165,730 has been recorded in the government-wide financial statements for the accrued compensated absences.

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.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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.

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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 prepaid expenses and inventory balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District reports restricted fund balances in the General Fund for Mill Levy Override Funds. The fund balance of the Bond Redemption Fund is restricted to comply with debt service covenants.
- 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 reports the fund balance in the Food Service Fund and Capital Projects Fund as committed resources for the respective fund purpose as of June 30, 2022.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balance of the Student Activity Fund as assigned because its use has been designated for a specific purpose by the District.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

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

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

**Risk Management**

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

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

**Subsequent Events**

The District has evaluated events subsequent to the year ended June 30, 2022 through March 1, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

**Budgets**

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

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

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Budgets (Continued)**

- Budgets are required by state law for all funds. By May 31, the Superintendent of the District submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

**State Compliance**

At June 30, 2022, actual expenditures in the Food Service Fund exceeded budgeted amounts by \$47,290. This may be a violation of state statute.

**NOTE 3: CASH AND INVESTMENTS**

Cash and investments on June 30, 2022, consist of the following:

Petty Cash	\$	100
Deposits		2,808,783
Investments		<u>775,258</u>
Total		<u>\$ 3,584,141</u>

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

Cash and Investments - Unrestricted	\$	2,989,409
Cash and Investments - Restricted		<u>594,732</u>
		<u>\$ 3,584,141</u>

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**Deposits**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. On June 30, 2022, 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.

On June 30, 2022, the District had deposits with financial institutions with a carrying amount of \$2,808,783. The bank balances with the financial institutions were \$3,084,819. Of these balances, \$250,000 was covered by federal depository insurance and \$2,834,819 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**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.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

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

**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 \$775,258 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.

**Restricted Cash**

On June 30, 2022, cash in the amount of \$594,732 is restricted in the Bond Redemption Fund to comply with debt service requirements.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 4: CAPITAL ASSETS**

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
<b>Governmental Activities</b>				
Capital Asset, Being Depreciated				
Buildings and Improvements	12,958,497	228,521	-	13,187,018
Vehicles and Equipment	1,323,359	119,767	-	1,443,126
Right to Use Asset	309,492	-	-	309,492
Total Capital Assets, Being Depreciated	<u>14,591,348</u>	<u>348,288</u>	<u>-</u>	<u>14,939,636</u>
Accumulated Depreciation				
Buildings and Improvements	6,843,167	257,404	-	7,100,571
Vehicles and Equipment	833,921	66,043	-	899,964
Right to Use Asset	64,932	80,108	-	145,040
Total Depreciation	<u>7,742,020</u>	<u>403,555</u>	<u>-</u>	<u>8,145,575</u>
Net Capital Assets	<u>\$ 6,849,328</u>	<u>\$ (55,267)</u>	<u>\$ -</u>	<u>\$ 6,794,061</u>

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

<b>Governmental Activities</b>	
Instruction	\$ 213,857
Supporting Services	<u>189,698</u>
 Total	 <u>\$ 403,555</u>

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the District’s long-term debt transactions for the year ended June 30, 2022

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due in One Year
Series 2011 GO Bonds	\$ 865,000		\$ 275,000	\$ 590,000	\$ 290,000
Series 2011 Certificates of Participation	565,000	-	45,000	520,000	45,000
PERA Pension Liability	10,804,670	-	3,229,755	7,574,915	-
OPEB Liability	392,835	-	26,358	366,477	-
Compensated Absences	198,478	-	32,748	165,730	-
<b>Total Long-Term Obligations</b>	<b>\$ 12,825,983</b>	<b>\$ -</b>	<b>\$ 3,608,861</b>	<b>\$ 9,217,122</b>	<b>\$ 335,000</b>
Unamortized Bond Premiums	\$ (51,326)	\$ -	\$ (28,234)	\$ (23,092)	\$ -

**General Obligation Bonds, Series 2011**

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

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ 290,000	\$ 17,800	\$ 307,800
2024	300,000	6,000	306,000
<b>Total</b>	<b>\$ 590,000</b>	<b>\$ 23,800</b>	<b>\$ 613,800</b>

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

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

**Certificate of Participation, Series 2017**

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

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

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

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

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

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ 45,000	\$ 15,671	\$ 60,671
2024	45,000	14,253	59,253
2025	50,000	12,757	62,757
2026	50,000	11,183	61,183
2027	50,000	9,608	59,608
2028-2032	280,000	22,838	302,838
Total	\$ 520,000	\$ 86,310	\$ 606,310

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES**

For the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government’s leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources.

These changes were incorporated in the District’s financial statements for the year ended June 30, 2022.

The following is a summary of the District’s lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
HVAC Lease	\$ 49,665	\$ -	\$ 8,915	\$ 40,750	\$ 9,543
LED Lease	176,129	-	19,199	156,930	19,943
Total	<u>\$225,794</u>	<u>\$ -</u>	<u>\$ 28,114</u>	<u>\$197,680</u>	<u>\$ 29,486</u>

**HVAC System Lease**

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

**LED Lights Lease**

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

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES (Continued)**

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	29,486	\$ 7,723	\$ 37,209
2024	30,627	6,582	37,209
2025	31,850	5,359	37,209
2026	33,302	3,907	37,209
2027	23,218	2,806	26,024
2028-2029	49,197	2,851	52,048
Total	<u>\$197,680</u>	<u>\$ 29,228</u>	<u>\$226,908</u>

**NOTE 7: INTERFUND BALANCES AND TRANSFERS**

During the year ended June 30, 2022, the General Fund transferred \$337,250 to the Capital Projects Fund to cover operating costs the cost of capital expenditures.

**NOTE 8: 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.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 8:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2021.* 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 Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% 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% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S.

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 8:** **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan (Continued)**

Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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, 2022:* 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.88%</b>

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 8:** **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan (Continued)**

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$849,935 for the year ended June 30, 2022.

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. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the total annual payroll of the

SCHDTF, State Division Trust Fund, Judicial Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

**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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of \$7,574,915 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 8:** **DEFINED BENEFIT PENSION PLAN** (Continued)

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

The District's proportionate share of the net pension liability	\$7,574,915
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	868,367
Total	\$8,443,282

At December 31, 2021, the District's proportion was 0.0651%, which was a decrease of 0.0064% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$3,189,563) and revenue of \$92,709 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$289,998	\$-
Changes of assumptions or other inputs	578,288	-
Net difference between projected and actual earnings on pension plan investments	-	2,847,942
Changes in proportion and differences between contributions recognized and proportionate share of contributions	870,455	886,422
Contributions subsequent to the measurement date	440,943	N/A
Total	\$2,179,684	\$3,734,364

\$440,943 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Year ended June 30:	
2023	(\$25,545)
2024	(\$828,967)
2025	(\$795,431)
2026	(\$345,680)

*Actuarial assumptions.* The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 8:**     **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% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% 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% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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.

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

The PERA Board first adopted the 7.25% 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	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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%.

*Discount rate.* The discount rate used to measure the TPL was 7.25%. 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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 8:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$11,149,655	\$7,574,915	\$4,591,927

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (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.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9:** **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan** (Continued)

*PERA Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

*DPS Benefit Structure*

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9:** **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan** (Continued)

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% 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 \$43,608 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$366,477 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.0425%, which was an increase of 0.0012% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$46,216). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$558	\$86,896
Changes of assumptions or other inputs	7,587	19,879
Net difference between projected and actual earnings on OPEB plan investments	-	22,685
Changes in proportion and differences between contributions recognized and proportionate share of contributions	21,039	13,889
Contributions subsequent to the measurement date	22,624	N/A
<b>Total</b>	<b>\$51,808</b>	<b>\$143,349</b>

\$22,624 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2023	(\$34,571)
2024	(\$35,062)
2025	(\$32,012)
2026	(\$11,719)
2027	(\$758)
Thereafter	(\$43)

*Actuarial assumptions.* The TOL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9: 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)

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			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%	N/A
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			4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, 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	

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 9: 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)

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

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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage	596	199	562

The 2021 Medicare Part A premium is \$471 (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, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9:** **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)

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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% 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% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9:** **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)

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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 following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- 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 2021 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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.

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.

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 9: 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)

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.

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	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$335,953	\$366,477	\$378,668

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 9:**     **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)

*Discount rate.* The discount rate used to measure the TOL was 7.25%. 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, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*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%, as well as what the proportionate share of

PEYTON SCHOOL DISTRICT 23JT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$425,625	\$366,477	\$315,955

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s FNP is available in PERA’s ACFR at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 10: 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, 2022, 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, 2022, the emergency reserve of \$209,915 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 10:**     **COMMITMENTS AND CONTINGENCIES** (Continued)

**Tabor Amendment** (Continued)

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

**Jointly Governed Organizations**

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

For the year ended June 30, 2021, the District received \$52,744 in grant funds from BOCES and paid \$121,980 to BOCES for services.

**Peyton-Widefield Vocational Education Partnership (PWVEP)**

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

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

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

PEYTON SCHOOL DISTRICT 23JT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE 10:** **COMMITMENTS AND CONTINGENCIES** (Continued)

**Peyton-Widefield Vocational Education Partnership (PWVEP)** (Continued)

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

For the year ended June 30, 2022, the District paid \$25,410 to Widefield School District under the terms of the partnership agreement. The District made no additional payments to equity into the partnership during the fiscal year ended June 30, 2022. At June 30, 2022, the District holds a 70.50% equity interest in the partnership assets.

**NOTE 11:** **DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$1,429,305 due to the District including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

**NOTE 12:** **SUBSEQUENT EVENTS**

**Peyton-Widefield Vocational Education Partnership (PWVEP)**

During the fiscal year ended June 30, 2022, the District decided to no longer participate in the vocational education services program with Widefield School District and terminated the agreement. The District is currently in negotiations with Widefield School District to receive payment for its share of the partnership assets.

**REQUIRED SUPPLEMENTARY INFORMATION**

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 1,452,337	\$ 1,601,387	\$ 1,714,431	\$ 113,044	\$ 1,408,184
Specific Ownership Taxes	112,337	127,755	188,744	60,989	181,311
Earnings on Investments	8,600	6,450	7,240	790	6,452
Tuition from Individuals	-	-	8,230	8,230	875
Tuition from Other Districts/BOCES	315,000	185,000	213,673	28,673	318,423
Grants and Donations	2,700	16,999	7,159	(9,840)	18,155
All Other Local Revenue Codes	50,789	66,443	32,429	(34,014)	73,422
Total Local Sources	<u>1,941,763</u>	<u>2,004,034</u>	<u>2,171,906</u>	<u>167,872</u>	<u>2,006,822</u>
<b>State Sources</b>					
State Equalization	4,453,271	4,288,309	4,293,272	4,963	4,223,883
Small Rural Schools	236,749	492,895	87,075	(405,820)	36,575
Early Literacy Grant	111,351	136,865	135,114	(1,751)	94,083
Exceptional Children's Educational Act	126,284	126,284	29,130	(97,154)	69,267
Transportation	87,067	90,898	92,871	1,973	91,790
PERA On Behalf Revenue	-	-	92,709	92,709	-
CDE Mitigation	-	-	90,695	90,695	50,524
All Other State Revenue	162,661	381,525	238,511	(143,014)	188,727
Total State Sources	<u>5,177,383</u>	<u>5,516,776</u>	<u>5,059,377</u>	<u>(457,399)</u>	<u>4,754,849</u>
<b>Federal Sources</b>					
Title I	68,758	75,298	68,918	(6,380)	68,949
Title IIA	17,097	19,229	17,214	(2,015)	17,745
Title IV	21,895	21,895	7,367	(14,528)	9,078
Title VIII Impact Aid	-	-	-	-	6,128
Carl Perkins Grant	127,000	134,000	127,731	(6,269)	19,819
Cares Act	-	-	-	-	337,955
Education Stabilization Grants	738,886	1,079,034	475,117	(603,917)	327,664
All Other Federal Revenue	-	71,209	93,585	22,376	46,377
Total Federal Sources	<u>973,636</u>	<u>1,400,665</u>	<u>789,932</u>	<u>(610,733)</u>	<u>833,715</u>
<b>TOTAL REVENUES</b>	<u>8,092,782</u>	<u>8,921,475</u>	<u>8,021,215</u>	<u>(900,260)</u>	<u>7,595,386</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	2,803,083	2,827,263	2,846,657	(19,394)	2,641,206
Employee Benefits	891,220	832,573	886,859	(54,286)	729,195
Purchased Services	455,801	589,800	409,453	180,347	278,589
Supplies and Materials	207,097	154,297	348,821	(194,524)	166,132
Property	36,922	164,132	9,760	154,372	135,906
Other Objects and Uses	7,000	7,000	18,643	(11,643)	21,222
Total Instruction	<u>4,401,123</u>	<u>4,575,065</u>	<u>4,520,193</u>	<u>54,872</u>	<u>3,972,250</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Student Services					
Salaries	221,591	391,826	341,516	50,310	298,124
Employee Benefits	60,330	99,429	83,461	15,968	76,804
Purchased Services	6,130	28,345	26,471	1,874	1,491
Supplies and Materials	5,501	7,251	4,550	2,701	4,469
Property	-	71,485	-	71,485	-
Other Objects and Uses	250	250	469	(219)	3,375
Total Students	293,802	598,586	456,467	142,119	384,263
Instructional Staff					
Salaries	45,941	46,809	54,562	(7,753)	45,721
Employee Benefits	15,788	15,801	16,795	(994)	14,135
Purchased Services	7,200	7,200	757	6,443	1,045
Supplies and Materials	9,000	13,000	10,071	2,929	3,624
Property	2,500	4,500	4,717	(217)	1,277
Total Instructional Staff	80,429	87,310	86,902	408	65,802
General Administration					
Salaries	239,290	246,360	272,850	(26,490)	234,608
Employee Benefits	48,899	49,452	76,578	(27,126)	66,548
Purchased Services	149,480	170,312	101,969	68,343	89,813
Supplies and Materials	7,300	7,300	8,421	(1,121)	12,222
Property	6,813	6,813	1,886	4,927	1,799
Other Objects and Uses	14,630	14,630	11,300	3,330	11,241
Total General Administration	466,412	494,867	473,004	21,863	416,231
School Administration					
Salaries	243,012	281,565	271,861	9,704	277,435
Employee Benefits	66,117	74,284	73,727	557	68,806
Purchased Services	28,462	28,462	34,075	(5,613)	26,518
Supplies and Materials	10,000	10,000	9,881	119	6,469
Property	38,240	38,240	-	38,240	57,493
Other Objects and Uses	1,120	1,120	3,055	(1,935)	2,980
Total School Administration	386,951	433,671	392,599	41,072	439,701

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Administration					
Salaries	146,564	164,646	174,573	(9,927)	119,758
Employee Benefits	43,212	57,482	64,860	(7,378)	35,442
Purchased Services	373,252	382,780	328,535	54,245	189,867
Supplies and Materials	2,500	2,500	4,463	(1,963)	10,872
Property	46,200	46,200	12,159	34,041	-
Total Business Services	<u>611,728</u>	<u>653,608</u>	<u>584,590</u>	<u>69,018</u>	<u>355,939</u>
Operations and Maintenance					
Salaries	304,783	304,895	295,271	9,624	284,752
Employee Benefits	100,499	100,500	90,974	9,526	91,603
Purchased Services	134,974	126,023	54,595	71,428	71,565
Supplies and Materials	292,461	342,204	339,041	3,163	330,712
Property	5,050	15,900	2,014	13,886	16,708
Other Objects and Uses	200	200	-	200	299
Total Operations and Maintenance	<u>837,967</u>	<u>889,722</u>	<u>781,895</u>	<u>107,827</u>	<u>795,639</u>
Student Transportation					
Salaries	313,075	318,547	307,643	10,904	253,412
Employee Benefits	94,003	94,082	81,492	12,590	71,446
Purchased Services	20,096	20,096	20,250	(154)	17,156
Supplies and Materials	109,500	109,500	101,593	7,907	63,899
Property	16,250	16,250	5,600	10,650	1,224
Other Objects and Uses	1,500	1,500	-	1,500	86
Total Student Transportation	<u>554,424</u>	<u>559,975</u>	<u>516,578</u>	<u>43,397</u>	<u>407,223</u>
Central Support					
Salaries	-	10,200	10,200	-	-
Employee Benefits	-	2,080	2,080	-	-
Purchased Services	161,696	161,696	157,531	4,165	160,792
Total Central Support	<u>161,696</u>	<u>173,976</u>	<u>169,811</u>	<u>4,165</u>	<u>160,792</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
Total Supporting Services	3,393,409	3,891,715	3,461,846	429,869	3,025,590
TOTAL EXPENDITURES	7,794,532	8,466,780	7,982,039	484,741	6,997,840
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	298,250	454,695	39,176	(415,519)	597,546
OTHER FINANCING (USES)					
Transfers Out	(220,000)	(410,000)	(337,250)	72,750	(120,000)
TOTAL OTHER FINANCING (USES)	(220,000)	(410,000)	(337,250)	72,750	(120,000)
CHANGE IN FUND BALANCE	78,250	44,695	(298,074)	(342,769)	477,546
FUND BALANCES, Beginning	1,836,851	2,314,397	2,314,397	-	1,836,851
FUND BALANCES, Ending	<u>\$ 1,915,101</u>	<u>\$ 2,359,092</u>	<u>\$ 2,016,323</u>	<u>\$ (342,769)</u>	<u>\$ 2,314,397</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0651%	0.0715%	0.0626%	0.0642%	0.0740%	0.0763%	0.0762%	0.0731%	0.0720%
Proportionate Share of the Net Pension Liability (Asset)	\$ 7,574,915	\$ 10,804,670	\$ 9,348,022	\$ 11,364,471	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	868,367	-	1,185,678	1,553,932	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 8,443,282	\$ 10,804,670	\$ 10,533,700	\$ 12,918,403	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
Covered payroll	\$ 4,068,001	\$ 3,823,022	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.2%	282.6%	257.8%	366.13%	701.00%	735.61%	375.39%	323.52%	310.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

NOTE: Information for the prior year was not available for this report

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 849,935	\$ 772,210	\$ 754,041	\$ 674,972	\$ 635,922	\$ 559,735	\$ 538,232	\$ 502,886	\$ 459,595
Contributions in Relation to the Contractually Required Contributions	849,935	772,210	754,041	674,972	635,922	559,735	538,232	502,886	459,595
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,275,320	\$ 3,884,363	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	19.36%	19.13%	18.63%	18.13%	17.33%	16.43%	15.53%

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

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended December 31,

	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0425%	0.0413%	0.0403%	0.0417%	0.0420%	0.0434%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 366,477	\$ 392,835	\$ 453,317	\$ 567,586	\$ 546,419	\$ 562,143
Covered payroll	\$ 4,068,001	\$ 3,823,022	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.28%	12.50%	16.09%	16.01%	18.21%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended June 30,

	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 43,608	\$ 39,621	\$ 39,726	\$ 35,989	\$ 34,817	\$ 31,491
Contributions in Relation to the Contractually Required Contributions	43,608	39,621	39,726	35,989	34,817	31,491
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,275,320	\$ 3,884,363	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditor's report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

PEYTON SCHOOL DISTRICT 23JT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2022

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and Investments	\$ 73,371	\$ 135,852	\$ 209,223
Accounts Receivable	26,900	-	26,900
Inventory	4,330	-	4,330
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 104,601</u>	<u>\$ 135,852</u>	<u>\$ 240,453</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 563	\$ -	\$ 563
Accrued Salaries and Benefits	8,045	-	8,045
Due To Other Funds	-	-	-
Unearned Revenue	14,400	-	14,400
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>23,008</u>	<u>-</u>	<u>23,008</u>
FUND EQUITY			
Fund Balance			
Nonspendable	4,330	-	4,330
Committed for Fund Purpose	77,263	-	77,263
Assigned	-	135,852	135,852
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND EQUITY	<u>81,593</u>	<u>135,852</u>	<u>217,445</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 104,601</u>	<u>\$ 135,852</u>	<u>\$ 240,453</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
REVENUES			
Local Sources	\$ 2,627	\$ 165,712	\$ 168,339
State Sources	2,602	-	2,602
Federal Sources	234,825	-	234,825
	<u>240,054</u>	<u>165,712</u>	<u>405,766</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Supporting Services	197,424	174,544	371,968
	<u>197,424</u>	<u>174,544</u>	<u>371,968</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>42,630</u>	<u>(8,832)</u>	<u>33,798</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES			
NET CHANGE IN FUND BALANCES	42,630	(8,832)	33,798
FUND BALANCES, Beginning	<u>38,963</u>	<u>144,684</u>	<u>183,647</u>
FUND BALANCES, Ending	<u>\$ 81,593</u>	<u>\$ 135,852</u>	<u>\$ 217,445</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE  
 FOOD SERVICE FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
<b>REVENUES</b>					
Local Sources					
Charges for Services	\$ 5,870	\$ 5,870	\$ 2,414	\$ (3,456)	\$ 376
Grants and Donations	-	-	-	-	-
Other	200	200	213	13	903
State and Federal Sources					
School Lunches	-	-	210,650	210,650	16,848
Food Loss Reimbursement	-	-	-	-	661
Supply Chain Assistance	-	-	13,263	13,263	-
School Summer Food	90,000	99,975	-	(99,975)	114,263
Commodity Donations	12,000	12,000	10,912	(1,088)	11,056
State Match	1,484	2,055	2,602	547	1,454
<b>TOTAL REVENUES</b>	<b>109,554</b>	<b>120,100</b>	<b>240,054</b>	<b>119,954</b>	<b>145,561</b>
<b>EXPENDITURES</b>					
Salaries	52,500	52,500	68,394	(15,894)	55,766
Benefits	11,734	11,734	15,189	(3,455)	12,583
Purchased Services	1,000	1,500	4,698	(3,198)	255
Food	69,400	75,550	89,748	(14,198)	59,968
Other Supplies	1,000	7,000	11,647	(4,647)	10,657
Property	-	1,000	6,700	(5,700)	-
Other Objects and Uses	850	850	1,048	(198)	1,263
<b>TOTAL EXPENDITURES</b>	<b>136,484</b>	<b>150,134</b>	<b>197,424</b>	<b>(47,290)</b>	<b>140,492</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(26,930)</b>	<b>(30,034)</b>	<b>42,630</b>	<b>72,664</b>	<b>5,069</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	20,000	10,000	-	(10,000)	20,000
<b>CHANGE IN FUND BALANCE</b>	<b>(6,930)</b>	<b>(20,034)</b>	<b>42,630</b>	<b>62,664</b>	<b>25,069</b>
FUND BALANCES, Beginning	10,000	38,963	38,963	-	13,894
FUND BALANCES, Ending	\$ 3,070	\$ 18,929	\$ 81,593	\$ 62,664	\$ 38,963

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE  
 STUDENT ACTIVITY FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
<b>REVENUES</b>					
Local Sources					
Charges for Services	\$ 140,000	\$ 140,000	\$ 165,712	\$ 25,712	\$ 103,434
Grants and Donations	-	-	-	-	12,001
<b>TOTAL REVENUES</b>	<b>140,000</b>	<b>140,000</b>	<b>165,712</b>	<b>25,712</b>	<b>115,435</b>
<b>EXPENDITURES</b>					
Supporting Services					
Materials and Supplies	140,000	280,000	174,544	105,456	95,916
<b>TOTAL EXPENDITURES</b>	<b>140,000</b>	<b>280,000</b>	<b>174,544</b>	<b>105,456</b>	<b>95,916</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(140,000)</b>	<b>(8,832)</b>	<b>131,168</b>	<b>19,519</b>
FUND BALANCE, Beginning	140,000	144,684	144,684	-	125,165
FUND BALANCE, Ending	<u>\$ 140,000</u>	<u>\$ 4,684</u>	<u>\$ 135,852</u>	<u>\$ 131,168</u>	<u>\$ 144,684</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE  
 BOND REDEMPTION FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 100,260	\$ 100,260	\$ 138,976	\$ 38,716	\$ 194,209
Other Taxes	-	-	-	-	-
Earnings on Investments	2,000	2,000	1,189	(811)	1,215
TOTAL REVENUES	102,260	102,260	140,165	37,905	195,424
EXPENDITURES					
Purchased Services	-	-	-	-	6,108
Debt Service					
Principal	275,000	275,000	275,000	-	270,000
Interest	34,000	34,000	29,100	4,900	40,000
TOTAL EXPENDITURES	309,000	309,000	304,100	4,900	316,108
CHANGE IN FUND BALANCE	(206,740)	(206,740)	(163,935)	42,805	(120,684)
FUND BALANCE, Beginning	681,782	681,782	763,438	81,656	884,122
FUND BALANCE, Ending	\$ 475,042	\$ 475,042	\$ 599,503	\$ 124,461	\$ 763,438

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
<b>REVENUES</b>					
Local Sources					
Earnings on Investments	\$ 501	\$ 501	\$ 164	\$ (337)	\$ 363
<b>TOTAL REVENUES</b>	<b>501</b>	<b>501</b>	<b>164</b>	<b>(337)</b>	<b>363</b>
<b>EXPENDITURES</b>					
Supporting Services					
Purchased Services	1,500	15,000	-	15,000	-
Property	100,000	368,770	356,076	12,694	42,888
Debt Service					
Principal	110,675	110,675	73,114	37,561	96,947
Interest	22,561	22,561	26,184	(3,623)	29,615
<b>TOTAL EXPENDITURES</b>	<b>234,736</b>	<b>517,006</b>	<b>455,374</b>	<b>61,632</b>	<b>169,450</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(234,235)</b>	<b>(516,505)</b>	<b>(455,210)</b>	<b>61,295</b>	<b>(169,087)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers In	200,000	400,000	337,250	(62,750)	100,000
<b>CHANGE IN FUND BALANCE</b>	<b>(34,235)</b>	<b>(116,505)</b>	<b>(117,960)</b>	<b>(1,455)</b>	<b>(69,087)</b>
FUND BALANCE, Beginning	50,000	123,745	123,745	-	192,832
FUND BALANCE, Ending	\$ 15,765	\$ 7,240	\$ 5,785	\$ (1,455)	\$ 123,745

See the accompanying independent auditor's report.



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1060 – Peyton 23 Jt  
 Fiscal Year 2021–22  
 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
<b>Governmental</b>						
10 General Fund	2,314,397		7,683,964	7,982,039		2,016,323
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
<b>Sub-Total</b>	<b>2,314,397</b>		<b>7,683,964</b>	<b>7,982,039</b>		<b>2,016,323</b>
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	38,963		240,054	197,424		81,593
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	144,684		165,712	174,544		135,852
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	763,438		140,165	304,100		599,503
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	123,745		337,413	455,374		5,785
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
<b>Totals</b>	<b>3,385,228</b>		<b>8,567,309</b>	<b>9,113,482</b>		<b>2,839,055</b>
<b>Proprietary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Fiduciary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>FINAL</b>						<b>0</b>

## 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  
Peyton School District 23JT  
Peyton, 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 Peyton School District 23JT (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2023.

### Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. 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*

Littleton, Colorado

March 1, 2023



**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

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

Board of Education  
Peyton School District 23JT  
Peyton, Colorado

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Peyton School District 23 JT's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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, 2022

#### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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*

Littleton, Colorado

March 1, 2023

PEYTON SCHOOL DISTRICT 23JT  
Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN	Pass-Through Entitiy's Indentification Number	Total Federal Expenditures
<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	68,918
Title I Grants to Local Educational Agencies	84.010A	5010	56,764
Career and Technical Education - Basic Grants to States	84.048	4048	127,731
Special Education Grants to States	84.027	4027	16,307
Rural Education Initiatives	84.358	4358	1,006
Supporting Effective Instruction State Grants, Title II, Part A	84.367	4367	17,214
Student Support and Academic Enrichment Program	84.424	4424	7,368
Education Stabilization Fund - COVID 19	84.425U	4414	131,794
Education Stabilization Fund - COVID 19	84.425D	4420	184,159
Education Stabilization Fund - COVID 19	84.425D	4425	6,003
Education Stabilization Fund - COVID 19	84.425C	6425	<u>153,162</u>
Total U.S. Department of Education			<u>770,426</u>
<u>U. S. Department of Health and Human Services</u>			
<i>Passed-Through the Colorado Department of Human Services Office of Early Childhood</i>			
Child Care and Development Block Grant	93.575	7575	<u>13,508</u>
<u>National Endowment for the Humanities</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Grants to States	45.310	7310	<u>6,000</u>
<u>U. S. Department of Agriculture</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Seamless Summer Option (SSO) Lunch - COVID 19	(1) 10.555	5555	210,035
Seamless Summer Option (SSO) - COVID 19	(1) 10.555	6555	13,263
State Pandemic EBT - COVID 19	10.649	4649	614
<i>Passed-Through the Colorado Department of Human Services Food Distribution</i>			
Commodity Supplemental Food Program	(1) 10.555	none	<u>10,912</u>
Total U.S. Department of Agriculture			<u>234,824</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$ 1,024,758</u></u></b>

(1) Part of the Child Nutrition Cluster, total Cluster expenditures 234,210

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

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, 2022, 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 \$10,912 for the year ended June 30, 2022.



PEYTON SCHOOL DISTRICT 23JT

Schedule Findings and Questioned Costs  
For the year ended June 30, 2022

**Section II – Financial Statement Findings**

No findings noted.

**Section III – Federal Award Findings**

No findings noted.