

***Logan County School District
No. Re-1 Valley
Sterling, Colorado***

Financial Statements

For the Year ended June 30, 2022

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Independent Auditors' Report

Board of Education
Logan County School District No. Re-1 Valley
Sterling, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan County School District No. Re-1 Valley (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' 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 the 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.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, auditors' integrity report and 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*, are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the auditors' integrity report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 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 District'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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 22, 2023

**Logan County School District NO. RE-1 Valley
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

This section of School District RE-1 Valley's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2022.

Financial Highlights

- The liabilities and deferred inflows of resources of School District Re-1 Valley exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$2,579,561) (net position - deficit).
- The district's total net position increased by \$11,918,324, primarily due to changes in pension and OPEB assumptions.
- General revenues accounted for \$21,846,680 or 81% of the \$27,024,318 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$5,177,638 or 19% of total revenues.
- The general fund ending fund balance increased to \$4,885,170.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the government-wide financial statements, the School District's activities are listed in one category.

- **Governmental activities:** The School District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, food service and pupil activities. Taxes and intergovernmental revenues principally support these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the general fund, governmental designated purpose grants fund and bond redemption fund, which are considered to be major funds. Data for the other five governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

Fiduciary Funds

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 26-62 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets, schedule of District contributions and schedule of the District's proportionate share of the net pension liability. Budgeted amounts may be found on pages 64-96.

Financial Analysis of the School District as a Whole

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

76% of the School District's assets are its net investment in capital assets (e.g., land, buildings and equipment, net of accumulated depreciation). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net assets (liabilities) as of June 30, 2022.

	Governmental Activities		Total Percentage Change 2021-2022
	2022	2021	
Current and Other assets	\$ 14,278,132	\$ 10,735,176	33.00%
Capital assets	32,446,060	34,010,902	-4.60%
Total assets	46,724,192	44,746,078	4.42%
Deferred outflows of resources	7,478,205	11,694,769	-36.06%
Total assets and deferred outflows of resources	\$ 54,202,397	\$ 56,440,847	-3.97%
Long term liabilities	\$ 39,875,806	\$ 53,379,972	-25.30%
Other liabilities	2,987,384	2,792,047	7.00%
Total liabilities	42,863,190	56,172,019	-23.69%
Deferred inflows of resources	13,918,768	14,766,713	-5.74%
Net investment in capital assets	18,438,296	18,531,620	-0.50%
Restricted	5,911,757	5,197,173	13.75%
Unrestricted	(26,929,614)	(38,226,677)	-29.55%
Total net position	(2,579,561)	(14,497,885)	-82.21%
Total liabilities, deferred inflows of resources and net position	\$ 54,202,397	\$ 56,440,847	-3.97%

Following is a summary of the School District's change in net position.

	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Revenues			
Program Revenues			
Charges for services	\$ 137,913	\$ 103,099	33.77%
Operating Grants & Contributions	5,039,725	6,209,861	-18.84%
Capital Grants & Contributions	-	-	-
General Revenue			
Property taxes	9,590,093	9,062,210	5.83%
State equalization	11,399,092	10,267,888	11.02%
Other	857,495	473,899	80.94%
Total Revenue	27,024,318	26,116,957	3.47%
Expenses			
Instruction	6,222,932	6,425,733	-3.16%
Pupil & Instructional Services	1,667,030	2,866,808	-41.85%
Administration & Business	1,529,203	619,923	146.68%
Maintenance & Operations	1,730,937	1,892,418	-8.53%
Transportation	424,626	439,000	-3.27%
Other	3,531,266	3,837,401	-7.98%
Total Expenses	15,105,994	16,081,283	-6.06%
Change in net position	\$ 11,918,324	\$ 10,035,674	18.76%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$8,840 per funded student. In fiscal year 2021-22 the funded pupil count was 2,065.7. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 65 percent of this Total Program Funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$6,747,058 in property taxes levied for general purposes for fiscal year 2022.

Governmental Funds

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

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$11,246,395, an increase of \$3,427,875 in comparison with the prior year. The general fund had a fund balance increase of \$2,517,625, the bond fund had a fund balance increase of \$424,908 and the other governmental funds had a fund balance increase of \$485,342.

General Fund Budget Highlights

- The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund. The district Board of Education did not approve a review/change for any anticipated expenditures exceeding the original FY 2022 budget in January 2022.

Capital Assets and Debt Administration

Capital Assets

The School District's net investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$32,446,060 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

The School District's total capital assets on June 30, 2022 net, of accumulated depreciation were as follows:

	Governmental Activities		Percent Change
	2022	2021	2021-2022
Land and improvements	\$ 2,945,762	\$ 3,112,135	-5.35%
Construction in progress	-	-	-
Buildings and improvements	28,884,233	30,161,601	-4.24%
Furniture and equipment	516,891	579,167	-10.75%
Licensed vehicles	99,174	141,298	-29.81%
Total	\$ 32,446,060	\$ 33,994,201	-4.55%

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$39,875,806 consisted of the following:

	Governmental Activities		Percent Change
	2022	2021	2021-2022
Compensated Absences	\$ 509,754	\$ 614,570	-17.06%
Net Pension Liability	22,947,845	34,716,438	-33.90%
Net OPEB Liability	1,110,224	1,261,863	-12.02%
Certificate of Participation	3,745,000	3,970,000	-5.67%
General Obligation Bonds	9,564,990	10,684,990	-10.48%
Bond Premium/Accr Int	1,997,993	2,132,111	-6.29%
Total	\$ 39,875,806	\$ 53,379,972	-25.30%

At year-end, the School District reported a liability of \$22,947,845 for its proportionate share of the net pension liability that reflected a reduction for support from the State as nonemployer contributing entity. At December 31, 2021, the District's proportion was .1972%. For the year, the District recognized pension expense of \$(6,511,291).

There are note disclosures and required supplementary information required by GASB Statement No. 68 found in note H.

At year-end, the School District reported a liability of \$1,110,224 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the December 31, 2020. At December 31, 2021 the District's proportion was .1288%. For the year, the District recognized pension expense of \$(29,597).

There are note disclosures and required supplementary information required by GASB Statement No. 75 found in note J.

Economic Factors

Since, the 2020-21 fiscal year, which experienced the full impact of the Covid-19 coronavirus pandemic, the District continues to see the overall impact and effect of the pandemic. Districts were forced to make significant changes to their budgets while at the same time deal with the increased cost pressure of the pandemic. While Federal funds have played a tremendous role in helping with these unexpected cost pressures, the regulatory requirements of the grant funds created a higher level of administrative effort to ensure compliance.

Due to state budget constraints, funding from the state continues to fall below the formula from the 1994 School Finance Act and the required increases to keep up with inflation described in Amendment 23, passed by voters in 2000. From 2013 to 2022 a total of nearly 19.9 million dollars has been withheld from the district allocation in the state calculations referred to as the “budget stabilization factor”, of which equals an average reduction of \$1,994,764.66 over ten years.

The District will continue to monitor potential impacts regarding the “budget stabilization factor”, along with the per pupil funding as the financial support from the state and increasing health insurance and pension fund increases for the current and future year’s budgets. The District did see an increase in total General Fund Revenues than anticipated due to stronger property tax and specific ownership tax collections.

Changes in student enrollment directly impact the financial resources of the District. Declining enrollment is the long term trend in School District Re-1 Valley, but the current trend appears to have stabilized. The District will continue to benefit from the Funded Per Pupil based on a five-year average. The District will continue to track enrollment trends and use that data in building future years’ budgets. The District will continue to address cost containments and reductions that will be commensurate with the overall state funding to ensure that the District maintains adequate General Fund reserves.

Contacting the Districts Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, parents, investors and creditors with a general overview of the District’s finances and to demonstrate the district’s accountability for the money it receives. If you have any questions about this report or need additional information, contact School District RE-1 Valley, 301 Hagen Street, Sterling, CO 80751.

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash	\$ 6,457,995
Cash with fiscal agent	4,668,764
Certificates of deposit	24,396
Investments	1,002,500
Receivables	2,017,690
Inventory	91,380
Capital assets, net of depreciation	32,446,060
Other assets, net of amortization	<u>15,407</u>
Total assets	46,724,192
Deferred outflows of resources	
Pension deferrals	7,065,146
Other post-employment benefit deferrals	103,622
Deferred charges on refundings of bonds	<u>309,437</u>
Total deferred outflows of resources	<u>7,478,205</u>
Total assets and deferred outflows of resources	<u><u>\$ 54,202,397</u></u>

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

	Governmental Activities
Liabilities	
Accounts payable	\$ 286,977
Intergovernmental payable	15,842
Accrued salaries and benefits	2,028,850
Payroll deductions and withholdings	3,229
Unearned revenue	22,188
Unearned grant revenue	590,542
Other current liabilities	18,416
Accrued interest payable	21,340
Noncurrent liabilities	
Due within one year	1,395,000
Due in more than one year	14,422,737
Net pension liability	22,947,845
Net OPEB liability	1,110,224
Total liabilities	42,863,190
Deferred inflows of resources	
Pension deferrals	13,427,739
Other post-employment benefit deferrals	491,029
Total deferred inflows of resources	13,918,768
Net position	
Net investment in capital assets	18,438,296
Restricted for:	
Emergencies	655,000
Debt service	4,583,263
Food service program	554,247
Library purposes	35,086
Instructional supplies and equipment	84,161
Unrestricted (deficit)	(26,929,614)
Total net position (deficit)	(2,579,561)
Total liabilities, deferred inflows of resources and net position	\$ 54,202,397

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,222,932	\$ 120,264	\$ 2,676,150	
Supporting services				
Students	1,265,440		867,492	
Instructional staff	401,590		12,130	
General administration	722,460			
School administration	581,888		16,715	
Business services	224,855			
Operations and maintenance	1,730,937			
Student transportation	424,626		122,173	
Central support services	484,825			
Food service operations	1,136,004	17,649	1,345,065	
Enterprise operations	922			
Community services	15,436			
Unallocated depreciation*	1,422,174			
Interest and fiscal charges	471,905			
Total governmental activities	<u>\$ 15,105,994</u>	<u>\$ 137,913</u>	<u>\$ 5,039,725</u>	<u>\$ -</u>

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

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt services
 Specific ownership taxes
 Delinquent taxes and interest
 State categorical aid
 Earnings on investments
 Other

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Governmental
Activities

\$ (3,426,518)

(397,948)

(389,460)

(722,460)

(565,173)

(224,855)

(1,730,937)

(302,453)

(484,825)

226,710

(922)

(15,436)

(1,422,174)

(471,905)

(9,928,356)

6,747,058

1,910,718

920,352

11,965

11,399,092

14,415

843,080

21,846,680

11,918,324

(14,497,885)

\$ (2,579,561)

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Other Governmental Funds
Assets				
Cash	\$ 4,858,961	\$ 179,238		\$ 1,419,796
Cash with fiscal agent	142,170		\$ 4,526,594	
Certificates of deposit				24,396
Investments	1,002,500			
Due from other funds	919,175			329,281
Property taxes receivable	238,959		67,840	
Grants receivable		1,588,026		122,331
Other receivables				534
Inventory	35,000			56,380
Total assets	\$ 7,196,765	\$ 1,767,264	\$ 4,594,434	\$ 1,952,718
Liabilities				
Accounts payable	\$ 219,920	\$ 60,482		\$ 6,575
Due to other funds	329,281	919,175		
Intergovernmental payable	15,842			
Accrued salaries and benefits	1,624,138	349,132		55,580
Payroll deductions and withholdings	3,229			
Unearned revenue				22,188
Unearned grant revenue	63,857	436,272		90,413
Other current liabilities	16,213	2,203		
Total liabilities	2,272,480	1,767,264	\$ -	174,756
Deferred inflows of resources				
Deferred property tax revenues	39,115		11,171	
Fund balance				
Nonspendable inventory	35,000			56,380
Restricted for:				
Emergencies	655,000			
Debt service			4,583,263	
Food service program				554,247
Library purposes				35,086
Instructional supplies and equipment				84,161
Assigned to risk-related activities	57,065			
Committed to:				
Pupil activities				823,553
Capital projects				224,535
Unassigned	4,138,105			
Total fund balance	4,885,170	-	4,583,263	1,777,962
Total liabilities, deferred inflows of resources and fund balance	\$ 7,196,765	\$ 1,767,264	\$ 4,594,434	\$ 1,952,718

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

<u>Total</u>
\$ 6,457,995
4,668,764
24,396
1,002,500
1,248,456
306,799
1,710,357
534
91,380
<u>\$ 15,511,181</u>
<u><u>\$ 15,511,181</u></u>
\$ 286,977
1,248,456
15,842
2,028,850
3,229
22,188
590,542
18,416
<u>4,214,500</u>
50,286
91,380
655,000
4,583,263
554,247
35,086
84,161
57,065
823,553
224,535
4,138,105
<u>11,246,395</u>
<u><u>\$ 15,511,181</u></u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

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

Total fund balance - governmental funds	\$ 11,246,395
Capital and other assets, net, used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	32,461,467
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	7,478,205
Property taxes receivable will be collected next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	50,286
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	(13,918,768)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(21,340)
Long-term liabilities, including bonds payable, certificates of participation, net pension and OPEB liabilities, accreted interest and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(39,875,806)</u>
Net position (deficit) of the governmental activities	<u>\$ (2,579,561)</u>

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

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LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Other Governmental Funds
Revenues				
Local sources	\$ 8,147,823		\$ 1,948,058	\$ 585,270
Intermediate sources	2,154			
State sources	13,458,153	\$ 44,224		7,226
Federal sources		2,220,237		1,337,839
Total revenues	21,608,130	2,264,461	1,948,058	1,930,335
Expenditures				
Instruction	10,290,954	1,484,191		524,069
Supporting services	8,227,613	780,270		1,130,924
Debt service				
Principal retirement	225,000		1,120,000	
Interest and fiscal charges	136,938		403,150	
Total expenditures	18,880,505	2,264,461	1,523,150	1,654,993
Excess of revenues over (under) expenditures	2,727,625	-	424,908	275,342
Other financing sources (uses)				
Transfers in				210,000
Transfers out	(210,000)			
Total other financing sources (uses)	(210,000)	-	-	210,000
Net change in fund balances	2,517,625	-	424,908	485,342
Fund balance at beginning of year	2,367,545	-	4,158,355	1,292,620
Fund balance at end of year	\$ 4,885,170	\$ -	\$ 4,583,263	\$ 1,777,962

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

Total
<u>\$ 10,681,151</u>
2,154
13,509,603
<u>3,558,076</u>
27,750,984
12,299,214
10,138,807
1,345,000
<u>540,088</u>
24,323,109
<u>3,427,875</u>
210,000
<u>(210,000)</u>
-
<u>3,427,875</u>
7,818,520
<u>\$ 11,246,395</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - governmental funds	\$ 3,427,875
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,548,141)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(97,804)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions are reported as pension expense.	8,618,394
In the statement of activities, certain expenses - compensated absences, interest, bond premium amortization, insurance and refunding deferred charges amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	173,000
Repayment of principal on bond obligations and certificates of participation are an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the statement of net position.	1,345,000
Change in net position of governmental activities	<u>\$ 11,918,324</u>

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

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LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Private Purpose Trust Fund
	<u> </u>
Assets	
Cash	<u>\$ 147,285</u>
Total assets	<u><u>\$ 147,285</u></u>
Net position	
Restricted for scholarship recipients	<u>\$ 147,285</u>
Total net position	<u><u>\$ 147,285</u></u>

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Private Purpose Trust Fund
Additions	
Contributions and donations	\$ 39,997
Total additions	39,997
Deductions	
Scholarship awards	300
Total deductions	300
Change in net position	39,697
Net position at beginning of year	107,588
Net position at end of year	\$ 147,285

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Logan County School District No. Re-1 Valley's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

A.1 – Reporting entity

The Logan County School District No. Re-1 Valley is a school district governed by an elected seven-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

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

A.2 – Fund accounting

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

The following are the District's nonmajor governmental funds:

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

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

Campbell Library Fund – This fund is a special revenue fund used to account for expenditures relating to the Campbell School Library. This fund was created by a private contribution specifying that the funds be spent on the library.

Walsh Family Foundation Fund – This fund is a special revenue fund used to account for the proceeds of a contribution from a private donor and the related expenditures thereof.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District has one private-purpose trust fund, the Scholarship Trust Fund.

Note A.3 – Basis of presentation

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

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

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

A.8 – Capital assets

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

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

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

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	8 years

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

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

Annual leave is awarded to twelve-month employees according to the following schedule:

<u>Years of service</u>	<u>Annual accrual days</u>
1-7 years	10 days
8-15 years	15 days
16-20 years	20 days
21 & over	25 days

Paid time off is awarded to employees according to the following schedule:

<u>Contract months</u>	<u>Annual accrual days</u>
9 months	10 days
10 months	11 days
11 months	12 days
12 months	13 days

Paid time off days not used by the end of the employee's anniversary month will be moved to the employee's sick leave balance. Sick leave may be accumulated up to a maximum of 90 days, not including the annual paid time off leave allocation for the current year.

Employees are paid \$75 per day for unused paid time off/sick leave accumulated over 90 days at the end of each school year. Employees with a minimum of five years of continuous service will, upon amicable separation, be paid \$50 per day, up to \$4,500.

The entire compensated absence liability is reported on the government-wide financial statements.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

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

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

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

A.11 – Fund balance

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

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

A.12 – Net position

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.13 – Interfund transactions

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

A.14 – Extraordinary and special items

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

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$6,870,760, of which \$746,359 was insured and \$6,124,401 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

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

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2022, the District had invested \$1,002,500 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Colotrust	<u>\$ 1,002,500</u>	<u>\$ 1,002,500</u>	<u>\$ -</u>	<u>\$ -</u>

The investment in Colotrust is maintained in the General Fund.

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 rates.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note B – Cash and investments (Continued)

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District's investment in Colotrust was rated AAA by Standard and Poor's.

The following table provides a reconciliation of cash, cash with fiscal agent, and investments on the statement of net position:

Cash in bank	\$ 6,604,130
Cash on hand	1,150
Cash with fiscal agent	4,668,764
Certificates of deposit	24,396
Investments in Colotrust	<u>1,002,500</u>
Total	<u>\$ 12,300,940</u>
<u>Statement of net position</u>	
Cash	\$ 6,457,995
Cash with fiscal agent	4,668,764
Certificates of deposit	24,396
Investments	<u>1,002,500</u>
Subtotal	12,153,655
<u>Statement of fiduciary net position</u>	
Cash	<u>147,285</u>
Total	<u>\$ 12,300,940</u>

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 306,799
Grants receivable	1,710,357
Other receivables	<u>534</u>
Total	<u>\$ 2,017,690</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note C – Receivables (Continued)

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

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General Fund	\$ 919,175	\$ 329,281
Governmental Designated Purpose Fund	-	919,175
Other Governmental Funds	<u>329,281</u>	<u>-</u>
Total	<u>\$ 1,248,456</u>	<u>\$ 1,248,456</u>

The General Fund loaned the Governmental Designated Purpose Fund \$250,000 to cover cash flow deficits resulting from grant expenditures paid in advance of grant receipts.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 210,000
Other Governmental Funds	<u>210,000</u>	<u>-</u>
Total	<u>\$ 210,000</u>	<u>\$ 210,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred \$210,000 from the General Fund to the Other Governmental Funds to set aside funds for capital acquisitions.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land and water rights	\$ 185,127	\$ -	\$ -	\$ 185,127
Total capital assets, not being depreciated	185,127	-	-	185,127
Capital assets, being depreciated:				
Land improvements	5,081,384	-	-	5,081,384
Buildings and improvements	55,859,302	-	-	55,859,302
Furniture and equipment	2,148,231	-	-	2,148,231
Licensed vehicles	2,089,120	-	-	2,089,120
Total capital assets, being depreciated	65,178,037	-	-	65,178,037
Total capital assets	65,363,164	-	-	65,363,164
Less accumulated depreciation for:				
Land improvements	(2,154,376)	(166,373)	-	(2,320,749)
Buildings and improvements	(25,697,701)	(1,277,368)	-	(26,975,069)
Furniture and equipment	(1,569,064)	(62,276)	-	(1,631,340)
Licensed vehicles	(1,947,822)	(42,124)	-	(1,989,946)
Total accumulated depreciation	(31,368,963)	(1,548,141)	-	(32,917,104)
Governmental activities capital assets, net	\$ 33,994,201	\$ (1,548,141)	\$ -	\$ 32,446,060

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

Governmental activities	
Instruction	\$ 48,809
General administration	2,121
School administration	4,713
Operations and maintenance	15,755
Student transportation	48,433
Food service	6,136
Unallocated depreciation	<u>1,422,174</u>
Total depreciation expense	<u>\$ 1,548,141</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$2,028,850. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Transfers/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 614,570	\$ -	\$ (104,816)	\$ 509,754	\$ -
Certificates of Participation	3,970,000	-	(225,000)	3,745,000	235,000
Bonds payable	10,684,990	-	(1,120,000)	9,564,990	1,160,000
Accreted interest	948,301	42,481	-	990,782	-
Bond premium	<u>1,183,810</u>	<u>-</u>	<u>(176,599)</u>	<u>1,007,211</u>	<u>-</u>
Total	<u>\$ 17,401,671</u>	<u>\$ 42,481</u>	<u>\$ (1,626,415)</u>	<u>\$ 15,817,737</u>	<u>\$ 1,395,000</u>

Payments on the bonds payable are made in the Bond Redemption Fund, while payments on the certification of participation are made in the General Fund. The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

Bonds payable consists of the following individual issuances:

\$4,990 capital appreciation bonds, dated January 18, 2007, due in one annual installment maturing on December 15, 2025. Interest accretes from the date of issuance, compounding semi-annually on June 15th and December 15th until maturity, with an interest rate of 4.430%.

\$ 4,990

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note G – Long-term debt (Continued)

\$8,070,000 general obligation refunding bonds, dated December 30, 2011, due in annual installments beginning in fiscal year 2013 ranging from \$90,000 to \$1,190,000; varying annual interest rates from 2.00% to 4.00%, payable semi-annually on June 15th and December 15th. 2,510,000

\$7,230,000 general obligation refunding bonds, dated July 19, 2016, due in annual installments ranging from \$15,000 to \$1,490,000; varying annual interest rates from 2.00% to 4.00%, payable semi-annually on December 15th and June 15th. 7,050,000

Total bonds payable \$ 9,564,990

Certificates of participation

In June 2014, the District issued \$5,235,000 Certificates of Participation, Series 2014. Principal payments are due in annual installments beginning in fiscal year 2016 ranging from \$200,000 to \$355,000; varying annual interest rates from 2.00% to 4.00%, payable semi-annually on June 15th and December 15th.

The following schedule represents the District's debt service requirements to maturity for the outstanding long-term debt at year-end:

<u>Year Ending December 31,</u>	<u>Bonds Payable</u>		<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,160,000	\$ 357,625	\$ 235,000	\$ 128,475
2024	1,210,000	310,400	240,000	122,537
2025	195,000	282,500	245,000	115,250
2026	114,990	1,427,060	255,000	105,863
2027	1,270,000	250,000	265,000	95,463
2028-2032	5,615,000	460,100	1,480,000	323,312
2033-2035	-	-	1,025,000	58,594
Totals	<u>\$ 9,564,990</u>	<u>\$ 3,087,685</u>	<u>\$ 3,745,000</u>	<u>\$ 949,494</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note G – Long-term debt (Continued)

Prior year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$19,725,000 of bonds outstanding are considered defeased.

Note H – 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.

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.

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

- Highest average salary multiplied by 2.5% 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 generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 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 lessor 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. Section 24-51-413.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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. Section 24-51-401, *et seq.* and Section 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 <u>June 30, 2022</u>
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>19.88%</u></u>

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

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 \$2,307,137 for the year ended June 30, 2022.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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. Section 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 proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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 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 total pension liability 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 year end, the District reported a liability of \$22,947,845 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 22,947,845
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>2,630,677</u>
Total	<u>\$ 25,578,522</u>

At December 31, 2021, the District's proportion was 0.1972%, which was a decrease of 0.0324% from its proportion measured as of December 31, 2020.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$(6,511,291) and revenue of \$280,858 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 965,775	\$ -
Changes of assumptions or other inputs	2,040,153	-
Net difference between projected and actual earnings on pension plan investments	-	9,146,138
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,970,568	4,281,601
Contributions subsequent to the measurement date	<u>1,088,650</u>	<u>-</u>
Total	<u>\$ 7,065,146</u>	<u>\$ 13,427,739</u>

\$1,088,650 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (410,501)
2024	(3,176,884)
2025	(2,816,639)
2026	<u>(1,047,219)</u>
Totals	<u>\$ (7,451,243)</u>

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 ¹	Financed by the AIR

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

The total pension liability 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.

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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- **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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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%
Total	<u>100.00%</u>	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

Discount rate. The discount rate used to measure the total pension liability 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 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.
- 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 the 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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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 total pension liability. 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ <u>33,777,351</u>	\$ <u>22,947,845</u>	\$ <u>13,911,027</u>

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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Payables to the pension plan

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

Note I – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2022, program members contributed \$89,415 for the Voluntary Investment Program.

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

Summary of Significant Accounting Policies

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note J – Defined benefit other post-employment 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.

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

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

Enrollment in the PERACare 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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (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. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$118,374 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 year-end, the District reported a liability of \$1,110,224 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 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 total OPEB liability to December 31, 2021. The District's 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 0.1288%, which was a decrease of 0.0040% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(29,597). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,791	\$ 266,776
Changes of assumptions or other inputs	23,063	62,114
Net difference between projected and actual earnings on OPEB plan investments	-	69,602
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,912	92,537
Contributions subsequent to the measurement date	<u>55,856</u>	<u>-</u>
Total	<u>\$ 103,622</u>	<u>\$ 491,029</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

\$55,856 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (137,420)
2024	(126,737)
2025	(106,386)
2026	(52,177)
2027	(17,673)
2028	<u>(2,870)</u>
Total	<u>\$ (443,263)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

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 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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the tie 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 December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

<u>Initial Costs for Members without Medicare Part A</u>			
<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	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.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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 TO 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.

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

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

- **Males:** 94% 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 the School and 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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

- **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 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.

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.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 1,078,342	\$ 1,110,224	\$ 1,147,158

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

Discount rate. The discount rate used to measure the total OPEB liability 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 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 total OPEB liability. 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 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:

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>1,289,409</u>	\$ <u>1,110,224</u>	\$ <u>957,169</u>

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

Payables to the OPEB plan

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

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

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

Local Government Budget Law

Expenditures in the Food Service Fund exceeded appropriations by \$249,868 and may be in violation of Colorado Local Government Budget Laws.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 5, 1996, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$655,000 for the emergency reserve.

Litigation

The District was involved in various pending or threatened lawsuits during the fiscal year arising from its operations. After consulting with legal counsel, the District's management has concluded that the potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

Required Supplementary Information

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Governmental Designated Purpose Grants Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund
- Schedule of District Contributions – PERA's School Division Trust Fund
- Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of District Contributions – PERA's Health Care Trust Fund

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ 8,017,820	\$ 8,017,820	\$ 8,147,823	\$ 130,003
Intermediate sources	2,500	2,500	2,154	(346)
State sources	13,202,685	13,202,685	13,458,153	255,468
Total revenues	21,223,005	21,223,005	21,608,130	385,125
Expenditures				
Instruction	12,887,500	12,887,500	10,290,954	2,596,546
Supporting services	8,012,500	8,012,500	8,227,613	(215,113)
Debt service				
Principal retirement	225,000	225,000	225,000	-
Interest and fiscal charges	139,000	139,000	136,938	2,062
Appropriated reserves	2,683,876	2,683,876		2,683,876
Total expenditures	23,947,876	23,947,876	18,880,505	5,067,371
Excess of revenues over (under) expenditures	(2,724,871)	(2,724,871)	2,727,625	5,452,496
Other financing uses				
Transfers out	(100,000)	(100,000)	(210,000)	(110,000)
Net change in fund balance	<u>\$ (2,824,871)</u>	<u>\$ (2,824,871)</u>	2,517,625	<u>\$ 5,342,496</u>
Fund balance at beginning of year			2,367,545	
Fund balance at end of year			<u>\$ 4,885,170</u>	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
State sources	\$ 120,000	\$ 120,000	\$ 44,224	\$ (75,776)
Federal sources	3,920,834	3,920,834	2,220,237	(1,700,597)
Total revenues	4,040,834	4,040,834	2,264,461	(1,776,373)
Expenditures				
Instruction				
Salaries	780,000	780,000	945,135	(165,135)
Employee benefits	340,000	340,000	316,812	23,188
Purchased services	240,000	240,000	154,758	85,242
Supplies and materials	150,000	150,000	25,229	124,771
Property	50,000	50,000	9,207	40,793
Other	2,480,834	2,480,834	33,050	2,447,784
Total instruction	4,040,834	4,040,834	1,484,191	2,556,643
Supporting services				
Salaries			365,955	(365,955)
Employee benefits			129,688	(129,688)
Purchased services			211,354	(211,354)
Supplies and materials			73,273	(73,273)
Total supporting services	-	-	780,270	(780,270)
Total expenditures	4,040,834	4,040,834	2,264,461	1,776,373
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of the District's Proportionate Share of the Net Pension Liability¹
PERA's School Division Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
District's proportion of the net pension liability	0.1972%	0.2296%	0.1993%	0.2005%
District's proportionate share of the net pension liability	\$22,947,845	\$34,716,438	\$29,770,809	\$35,507,602
State's proportionate share of the net pension liability	<u>2,630,677</u>	<u>-</u>	<u>3,776,048</u>	<u>4,855,171</u>
Total	<u>\$ 25,578,522</u>	<u>\$ 34,716,438</u>	<u>\$ 33,546,857</u>	<u>\$ 40,362,773</u>
District's covered payroll	\$12,323,813	\$12,280,277	\$11,707,461	\$11,024,103
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.21%	282.70%	254.29%	322.09%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%

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

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

<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.2394%	0.2575%	0.2641%	0.2629%	0.2654%
\$77,423,471	\$76,678,963	\$40,385,542	\$35,635,713	\$33,620,921
-	-	-	-	-
<u>\$ 77,423,471</u>	<u>\$ 76,678,963</u>	<u>\$ 40,385,542</u>	<u>\$ 35,635,713</u>	<u>\$ 33,620,921</u>
\$11,044,664	\$11,558,793	\$11,507,509	\$11,014,838	\$10,698,930
701.00%	663.38%	350.95%	323.52%	314.25%
43.96%	43.10%	59.20%	62.84%	64.06%

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of District Contributions¹
PERA's School Division Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 2,307,137	\$ 2,452,844	\$ 2,360,027	\$ 2,147,020
Contributions in relation to the contractually required contribution	<u>(2,307,137)</u>	<u>(2,452,844)</u>	<u>(2,360,027)</u>	<u>(2,147,020)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,605,292	\$ 12,338,229	\$ 12,177,608	\$ 11,223,310
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%

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

<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 2,051,192	\$ 2,065,728	\$ 2,058,531	\$ 1,893,644	\$ 1,716,260
<u>(2,051,192)</u>	<u>(2,065,728)</u>	<u>(2,058,531)</u>	<u>(1,893,644)</u>	<u>(1,716,260)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,864,814	\$ 11,240,052	\$ 11,607,294	\$ 11,210,552	\$ 10,734,167
18.88%	18.38%	17.73%	16.89%	15.99%

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
District's proportion of the net OPEB liability	0.1288%	0.1328%	0.1302%	0.1303%
District's proportionate share of the net OPEB liability	\$ 1,110,224	\$ 1,261,863	\$ 1,463,498	\$ 1,773,389
District's covered payroll	\$12,323,813	\$12,280,277	\$11,707,461	\$11,024,103
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	10.28%	12.50%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%

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

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

<u>June 30, 2018</u>	<u>June 30, 2017</u>
----------------------	----------------------

0.1360%	0.1464%
---------	---------

\$ 1,768,024	\$ 1,897,970
--------------	--------------

\$11,044,664	\$11,558,793
--------------	--------------

16.01%	16.42%
--------	--------

17.53%	16.72%
--------	--------

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 118,374	\$ 125,850	\$ 124,212	\$ 114,478
Contributions in relation to the contractually required contribution	<u>(118,374)</u>	<u>(125,850)</u>	<u>(124,212)</u>	<u>(114,478)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,605,292	\$ 12,338,229	\$ 12,177,608	\$ 11,223,310
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 110,821	\$ 114,649
<u>(110,821)</u>	<u>(114,649)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 10,864,814	\$ 11,240,052
1.02%	1.02%

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

Other Supplementary Information

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

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General Fund

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Local sources				
Property taxes	\$ 6,775,820	\$ 6,775,820	\$ 6,820,176	\$ 44,356
Specific ownership taxes	922,000	922,000	920,352	(1,648)
Delinquent taxes and interest	15,000	15,000	9,163	(5,837)
Tuition	10,000	10,000	56,379	46,379
Transportation fees			25,641	25,641
Earnings on investments	5,000	5,000	4,561	(439)
Pupil activities and fees	40,000	40,000	33,685	(6,315)
Community services activities	50,000	50,000	3,397	(46,603)
Other revenues	200,000	200,000	274,469	74,469
Total local sources	8,017,820	8,017,820	8,147,823	130,003
Intermediate sources	2,500	2,500	2,154	(346)
State sources				
State equalization	11,493,604	11,493,604	11,399,092	(94,512)
Vocational education	100,000	100,000	114,579	14,579
Special education	720,000	720,000	775,126	55,126
ELPA professional development	30,000	30,000		(30,000)
English language proficiency	25,000	25,000	25,611	611
Gifted and talented	40,000	40,000	23,012	(16,988)
Transportation	150,000	150,000	122,173	(27,827)
Small attendance center aid	200,000	200,000	228,554	28,554
Gifted education universal screening	18,000	18,000	16,715	(1,285)
Small rural schools funding	373,081	373,081	373,081	-
At-risk funding	14,000	14,000	15,888	1,888
On-behalf payment			280,858	280,858
School to work alliance program	39,000	39,000	83,464	44,464
Total state sources	13,202,685	13,202,685	13,458,153	255,468
Total revenues	\$ 21,223,005	\$ 21,223,005	\$ 21,608,130	\$ 385,125

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LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Instruction				
Salaries	\$ 8,305,000	\$ 8,305,000	\$ 6,626,661	\$ 1,678,339
Employee benefits	3,205,000	3,205,000	2,933,221	271,779
Purchased services	452,500	452,500	474,338	(21,838)
Supplies and materials	602,000	602,000	240,668	361,332
Property	253,000	253,000	5,033	247,967
Other	70,000	70,000	11,033	58,967
Total instruction	12,887,500	12,887,500	10,290,954	2,596,546
Supporting services				
Students				
Salaries	670,000	670,000	447,870	222,130
Employee benefits	310,000	310,000	183,453	126,547
Purchased services	162,000	162,000	247,836	(85,836)
Supplies and materials	50,000	50,000	24,272	25,728
Property			498	(498)
Other	500	500	258	242
Total students	1,192,500	1,192,500	904,187	288,313
Instructional staff				
Salaries	430,000	430,000	334,535	95,465
Employee benefits	160,000	160,000	151,711	8,289
Purchased services	71,000	71,000	78,522	(7,522)
Supplies and materials	100,000	100,000	127,346	(27,346)
Property	10,000	10,000		10,000
Other	1,000	1,000	213	787
Total instructional staff	772,000	772,000	692,327	79,673
General administration				
Salaries	340,000	340,000	416,229	(76,229)
Employee benefits	115,000	115,000	92,385	22,615
Purchased services	152,000	152,000	309,020	(157,020)
Supplies and materials	35,000	35,000	203,928	(168,928)
Property	10,000	10,000		10,000
Other	38,000	38,000	76,918	(38,918)
Total general administration	690,000	690,000	1,098,480	(408,480)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	835,000	835,000	1,027,253	(192,253)
Employee benefits	326,000	326,000	429,165	(103,165)
Purchased services	60,500	60,500	30,016	30,484
Supplies and materials	40,000	40,000	22,913	17,087
Property	40,000	40,000		40,000
Other	3,000	3,000	1,081	1,919
Total school administration	1,304,500	1,304,500	1,510,428	(205,928)
Business services				
Salaries	210,000	210,000	200,028	9,972
Employee benefits	95,000	95,000	76,813	18,187
Purchased services	63,500	63,500	79,602	(16,102)
Supplies and materials	10,000	10,000	50,016	(40,016)
Property	2,000	2,000		2,000
Other	1,000	1,000	120	880
Total business services	381,500	381,500	406,579	(25,079)
Operations and maintenance				
Salaries	910,000	910,000	808,890	101,110
Employee benefits	416,000	416,000	356,994	59,006
Purchased services	362,000	362,000	283,291	78,709
Supplies and materials	800,000	800,000	1,000,847	(200,847)
Property	40,000	40,000		40,000
Other			30	(30)
Total operations and maintenance	2,528,000	2,528,000	2,450,052	77,948
Student transportation				
Salaries	300,000	300,000	285,648	14,352
Employee benefits	125,000	125,000	98,952	26,048
Purchased services	142,000	142,000	112,325	29,675
Supplies and materials	150,000	150,000	148,580	1,420
Property	50,000	50,000		50,000
Other	(70,000)	(70,000)	(9,802)	(60,198)
Total student transportation	697,000	697,000	635,703	61,297

(continued)

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support				
Salaries			10,000	(10,000)
Employee benefits			2,528	(2,528)
Purchased services	425,000	425,000	481,382	(56,382)
Supplies and materials	10,000	10,000		10,000
Property	10,000	10,000		10,000
Total central support	445,000	445,000	493,910	(48,910)
Enterprise operations				
Purchased services			922	(922)
Enterprise operations	-	-	922	(922)
Community services				
Salaries			21,562	(21,562)
Employee benefits			12,976	(12,976)
Purchased services	2,000	2,000	487	1,513
Total community services	2,000	2,000	35,025	(33,025)
Total supporting services	8,012,500	8,012,500	8,227,613	(215,113)
Debt services				
Principal retirement	225,000	225,000	225,000	-
Interest and fiscal charges	139,000	139,000	136,938	2,062
Total debt services	364,000	364,000	361,938	2,062
Appropriated reserves	2,683,876	2,683,876		2,683,876
Total expenditures	<u>\$ 23,947,876</u>	<u>\$ 23,947,876</u>	<u>\$ 18,880,505</u>	<u>\$ 5,067,371</u>

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

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.
- Campbell Library Fund – This fund is used to account for expenditures relating to the Campbell School Library. This fund was created by a private contribution specifying that the funds be spent on the library.
- Walsh Family Foundation Fund – This fund is used to account for the proceeds of a contribution from a private donor and the related expenditures thereof.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Food Service Fund	Pupil Activity Fund	Campbell Library Fund	Walsh Family Foundation Fund
Assets				
Cash	\$ 186,444	\$ 799,157	\$ 35,086	\$ 84,161
Certificates of deposit		24,396		
Due from other funds	329,281			
Grants receivable	122,331			
Other receivables	534			
Inventory	56,380			
Total assets	<u>\$ 694,970</u>	<u>\$ 823,553</u>	<u>\$ 35,086</u>	<u>\$ 84,161</u>
Liabilities				
Accounts payable	\$ 6,575			
Accrued salaries and benefits	55,580			
Unearned revenue	22,188			
Unearned grant revenue				
Total liabilities	84,343	\$ -	\$ -	\$ -
Fund balance				
Nonspendable for inventory	56,380			
Restricted for:				
Food service program	554,247			
Library purposes			35,086	
Instructional supplies and equipment				84,161
Committed to:				
Pupil activities		823,553		
Capital projects				
Total fund balance	<u>610,627</u>	<u>823,553</u>	<u>35,086</u>	<u>84,161</u>
Total liabilities and fund balance	<u>\$ 694,970</u>	<u>\$ 823,553</u>	<u>\$ 35,086</u>	<u>\$ 84,161</u>

Capital Reserve	
Capital Projects	
Fund	Totals
\$ 314,948	\$ 1,419,796
	24,396
	329,281
	122,331
	534
	56,380
<u>\$ 314,948</u>	<u>\$ 1,952,718</u>
	\$ 6,575
	55,580
	22,188
<u>\$ 90,413</u>	<u>90,413</u>
90,413	174,756
	56,380
	554,247
	35,086
	84,161
	823,553
224,535	224,535
224,535	1,777,962
<u>\$ 314,948</u>	<u>\$ 1,952,718</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

	Food Service Fund	Pupil Activity Fund	Campbell Library Fund	Walsh Family Foundation Fund
Revenues				
Local sources	\$ 17,649	\$ 567,621		
State sources	7,226			
Federal sources	1,337,839			
Total revenues	1,362,714	567,621	\$ -	\$ -
Expenditures				
Instruction		524,069		
Supporting services	1,129,868		1,056	
Total expenditures	1,129,868	524,069	1,056	-
Excess of revenues over (under) expenditures	232,846	43,552	(1,056)	-
Other financing sources				
Transfers in				
Net change in fund balances	232,846	43,552	(1,056)	-
Fund balance at beginning of year	377,781	780,001	36,142	84,161
Fund balance at end of year	\$ 610,627	\$ 823,553	\$ 35,086	\$ 84,161

Capital Reserve Capital Projects Fund	Totals
	\$ 585,270
	7,226
	1,337,839
\$ -	1,930,335
	524,069
	1,130,924
-	1,654,993
-	275,342
210,000	210,000
210,000	485,342
14,535	1,292,620
\$ 224,535	\$ 1,777,962

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ 50,000	\$ 50,000	\$ 17,649	\$ (32,351)
State sources	10,000	10,000	7,226	(2,774)
Federal sources	770,000	770,000	1,337,839	567,839
Total revenues	830,000	830,000	1,362,714	532,714
Expenditures				
Supporting services				
Salaries	320,000	320,000	344,666	(24,666)
Employee benefits	110,000	110,000	98,711	11,289
Purchased services	11,000	11,000	7,147	3,853
Supplies and materials	384,000	384,000	679,344	(295,344)
Property	5,000	5,000		5,000
Other	50,000	50,000		50,000
Total expenditures	880,000	880,000	1,129,868	(249,868)
Net change in fund balance	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	232,846	<u>\$ 282,846</u>
Fund balance at beginning of year			377,781	
Fund balance at end of year			<u>\$ 610,627</u>	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ 1,500,000	\$ 1,500,000	\$ 567,621	\$ (932,379)
Expenditures				
Instruction				
Purchased services	350,000	350,000	116,034	233,966
Supplies and materials	950,000	950,000	252,077	697,923
Property	300,000	300,000	8,870	291,130
Other	650,000	650,000	147,088	502,912
Total expenditures	2,250,000	2,250,000	524,069	1,725,931
Net change in fund balance	<u>\$ (750,000)</u>	<u>\$ (750,000)</u>	43,552	<u>\$ 793,552</u>
Fund balance at beginning of year			780,001	
Fund balance at end of year			<u>\$ 823,553</u>	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Campbell Library Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Supporting services				
Supplies	5,000	5,000	1,056	3,944
Other	35,000	35,000		35,000
Total expenditures	40,000	40,000	1,056	38,944
Net change in fund balance	\$ (40,000)	\$ (40,000)	(1,056)	\$ 38,944
Fund balance at beginning of year			36,142	
Fund balance at end of year			\$ 35,086	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Walsh Family Foundation Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Instruction				
Supplies and materials	10,000	10,000		10,000
Other	75,000	75,000		75,000
Total expenditures	85,000	85,000	-	85,000
Net change in fund balance	\$ (85,000)	\$ (85,000)	-	\$ 85,000
Fund balance at beginning of year			84,161	
Fund balance at end of year			\$ 84,161	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
State sources	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Expenditures				
Capital outlay				
Purchased services	100,000	100,000		100,000
Property	100,000	100,000		100,000
Other	15,000	15,000		15,000
Total expenditures	215,000	215,000	-	215,000
Excess of revenues over (under) expenditures	(115,000)	(115,000)	-	115,000
Other financing sources				
Transfers in	100,000	100,000	210,000	110,000
Net change in fund balance	\$ (15,000)	\$ (15,000)	210,000	\$ 225,000
Fund balance at beginning of year			14,535	
Fund balance at end of year			\$ 224,535	

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources				
Property taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,935,404	\$ (64,596)
Delinquent taxes and interest			2,802	2,802
Interest on investments			9,852	9,852
Total revenues	2,000,000	2,000,000	1,948,058	(51,942)
Expenditures				
Debt service				
Principal retirement	1,120,000	1,120,000	1,120,000	-
Interest and fiscal charges	408,050	408,050	403,150	4,900
Appropriated reserves	4,171,950	4,171,950		4,171,950
Total expenditures	5,700,000	5,700,000	1,523,150	4,176,850
Net change in fund balance	<u>\$ (3,700,000)</u>	<u>\$ (3,700,000)</u>	424,908	<u>\$ 4,124,908</u>
Fund balance at beginning of year			4,158,355	
Fund balance at end of year			<u>\$ 4,583,263</u>	

Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Scholarship Trust Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources	\$ -	\$ -	\$ 39,997	\$ 39,997
Expenditures				
Instruction				
Other	60,000	60,000	300	59,700
Total expenditures	60,000	60,000	300	59,700
Change in net position	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	39,697	<u>\$ 99,697</u>
Net position at beginning of year			107,588	
Net position at end of year			<u>\$ 147,285</u>	

Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' 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*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services			
Donated Commodities	10.555	4555	\$ 70,557
Colorado Department of Education			
School Breakfast Program	10.553	5553	257,194
National School Lunch Program	10.555	5555	738,887
National School Lunch Program	10.555	6555	33,239
Summer Food Service Program for Children	10.559	4559	38,060
			<u>842,683</u>
Total CFDA Number 10.555			
			1,137,937
Pass-through program from:			
Colorado Department of Public Health and Environment			
Child and Adult Care Food Program	10.558	4558	199,289
Pass-through program from:			
Colorado Department of Education:			
Pandemic EBT Administrative Costs	10.649	4649	<u>614</u>
			1,337,840
Total U.S. Department of Agriculture			
U.S. Department of Education			
Special Education Cluster (IDEA)			
Pass-through program from:			
Colorado Department of Education			
Special Education - Grants to States	84.027	4027	<u>451,592</u>
Total Special Education Cluster			451,592

See accompanying Notes to Schedule of Expenditures of Federal Awards.

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-through programs from:			
State Board of Community Colleges			
Career and Technical Education - Basic Grants to States	84.048	5048	26,573
Colorado Department of Education			
COVID-19 Education Stabilization Fund	84.425U	4414	123,700
COVID-19 Education Stabilization Fund	84.425D	4420	937,221
			<u>1,060,921</u>
Total CFDA Number 84.425			<u>1,060,921</u>
Total U.S. Department of Education			1,539,086
National Endowment for the Humanities			
Pass-through programs from:			
Colorado Department of Education:			
Grants to States	45.310	7310	<u>4,748</u>
Total National Endowment for the Humanities			<u>4,748</u>
Total expenditures of federal awards			<u><u>\$ 2,881,674</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Logan County School District No. Re-1 Valley under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Logan County School District No. Re-1 Valley, it is not intended to and does not present the financial position, changes in net position, or cash flows of Logan County School District No. Re-1 Valley.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Logan County School District No. Re-1 Valley has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Logan County School District No. Re-1 Valley did not pass through any federal grants to subrecipients.

Note E – Nonmonetary assistance

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Logan County School District No. Re-1 Valley received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	\$ <u>70,557</u>
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**Independent Auditors' 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
Logan County School District No. Re-1 Valley
Sterling, 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 Logan County School District No. Re-1 Valley (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 February 22, 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 been 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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 22, 2023



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education
Logan County School District No. Re-1 Valley
Sterling, Colorado

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Logan County School District No. Re-1 Valley'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 the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' 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 Auditors' 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 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements 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 judgement 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 Auditors' 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 define 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 in 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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 22, 2023

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Summary of audit results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Logan County School District No. Re-1 Valley (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The program tested as major was:

Child and Adult Care Food Program	CFDA No. 10.558
Educational Stabilization Fund	CFDA Nos. 84.425D and 84.425U
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District qualified as a low-risk auditee.

Findings – Financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and Questioned Costs

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

Prior year findings

There were no findings or questioned costs reported for the year ended June 30, 2021.

**Colorado Department of Education
Supplementary Schedule**

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



Colorado Department of Education
Auditors Integrity Report
District: 1828 - Valley RE-1
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
Governmental						
10 General Fund	2,263,610		20,973,130	18,408,634		4,828,105
18 Risk Mgmt Sub-Fund of General Fund	103,936		425,000	471,871		57,065
19 Colorado Preschool Program Fund	0		0	0		0
Sub- Total	2,367,545		21,398,130	18,880,505		4,885,170
11 Charter School Fund	0		0	0		0
20,26-29 Special Revenue Fund	120,304		0	1,057		119,247
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	377,781		1,362,714	1,125,868		610,627
22 Govt Designated-Purpose Grants Fund	0		2,264,461	2,264,461		0
23 Pupil Activity Special Revenue Fund	780,001		567,621	524,069		823,553
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	4,158,354		1,948,058	1,523,150		4,583,262
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	14,535		210,000	0		224,535
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	7,818,519		27,750,985	24,323,110		11,246,394
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60,65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	107,588		39,997	300		147,285
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34-Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	107,588		39,997	300		147,285
FINAL						