

Platte Valley School District RE-7
Kersey, Colorado

Financial Statements

For the Year Ended June 30, 2022

Table of Contents

	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14-15
Statement of Activities	16-17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Notes to Financial Statements	25-61
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	64
Budgetary Comparison Schedule – Total Program Reserve Fund	65
Budgetary Comparison Schedule – Governmental Designated Purpose Grants Fund	66
Schedule of the Districts' Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	68-69
Schedule of District Contributions – PERA's School Division Trust Fund	70-71
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	72-73
Schedule of District Contributions – PERA's Health Care Trust Fund	74-75
Notes to the Required Supplementary Information	76
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	80
Budgetary Comparison Schedule - Expenditures	82-84

Table of Contents

	<u>Page</u>
Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	87
Budgetary Comparison Schedule – Food Service Fund	88
Budgetary Comparison Schedule – Pupil Activity Fund	89
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	90
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	92
Capital Projects Fund	
Budgetary Comparison Schedule – Building Fund	94
Single Audit Section	
Schedule of Expenditures of Federal Awards	96
Notes to Schedule of Expenditures of Federal Awards	97
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 <i>Government Auditing Standards</i>	99-100
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	101-103
Schedule of Findings and Questioned Costs	104
Colorado Department of Education Supplementary Schedule	
Auditors’ Integrity Report	106

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 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 local highway finance 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 October 4, 2022, 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
October 4, 2022

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

This section of the Platte Valley School District, Weld Re-7 annual financial report provides readers with the District's financial statements, financial performance, and the discussion and analysis during the fiscal year which ended June 30, 2022.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in 2022 are as follows:

- Among the major funds, the General Fund had \$17,034,710 in revenues and other financing, and \$15,607,473 in expenditures. \$655,406 was transferred from Total Program Reserve to the General Fund . Total revenues exceeded expenses by \$1,427,237 increasing the General Fund balance from \$8,865,327 to \$10,292,564.
- General Fund revenues accounted for \$16,379,304 in revenue or 74.68% of all governmental funds revenues. Additionally, Total Program Reserve Fund revenues totaled \$28,866 or 0.13%, debt reduction revenues totaled \$3,873,032 or 17.66%, and other revenues in the form of charges for services, interest, grants and contributions accounted for \$1,650,147 or 7.52% of the total governmental funds revenues of \$21,931,349.
- The Governmental Accounting Standards Board (GASB) established financial reporting requirements for governments through GASB Rule 68, which became effective for the reporting year 2015. Among other requirements, the District is required to report its proportionate share of the total Public Employees' Retirement Association (PERA) net pension liability (NPL) in our government-wide financial statements. The District's share of the PERA NPL as of June 30, 2022 was \$16,639,529 and \$805,026 for the District's reported share for PERA other post-employment benefit plan (OPEB).
- Governmental activities assets and deferred outflows of resources totaled \$88,165,545 in cash, investments and other assets. Liabilities and deferred inflows of resources for governmental activities totaled \$64,399,839.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Statements

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

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

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

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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

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

Fund Financial Statements

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

The District uses one type of funds:

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

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Condensed Statement of Net Position

Table 1 provides a summary of the Total School District's net position for 2022 compared to 2021:

Table 1

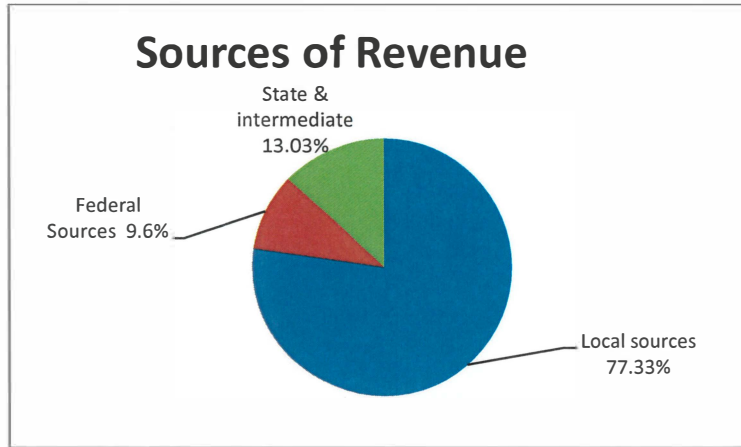
	Governmental Activities	
	2022	2021
Current and other assets	\$ 32,558,744	\$ 40,325,364
Capital assets	50,482,934	48,167,989
Total assets	83,041,678	88,493,353
Deferred outflows of resources	5,123,867	7,831,903
Total assets and deferred outflows of resources	\$ 88,165,545	\$ 96,325,256
Current liabilities	\$ 2,082,932	\$ 6,367,688
Long-term liabilities	53,360,590	63,558,758
Total liabilities	55,443,522	69,926,446
Deferred inflows of resources	8,956,317	10,697,056
Net investment in capital assets	14,412,060	8,882,402
Restricted for:		
Labor emergency	395,000	425,000
Capital projects	5,239,527	9,567,986
Multi-year obligations	180,155	204,367
Food service program	209,429	134,978
Land dedication	23,624	23,624
Debt service	11,055,915	11,002,833
Total program reserve	1,492,806	2,119,348
Unrestricted	(9,242,810)	(16,658,784)
Total net position	23,765,706	15,701,754
Total liabilities, deferred inflows of resources and net position	\$ 88,165,545	\$ 96,325,256

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2022

District Sources of Revenue for Fiscal Year 2022 (Total Government Funds)

Local sources, including property taxes for operating purposes and debt reduction accounted for most of the District's total revenue, \$16,959,537 or 77.33% (see table 2). State and intermediate sources accounted for \$2,857,179 or 13.03%, with federal sources totaling \$2,114,633 or 9.64%.

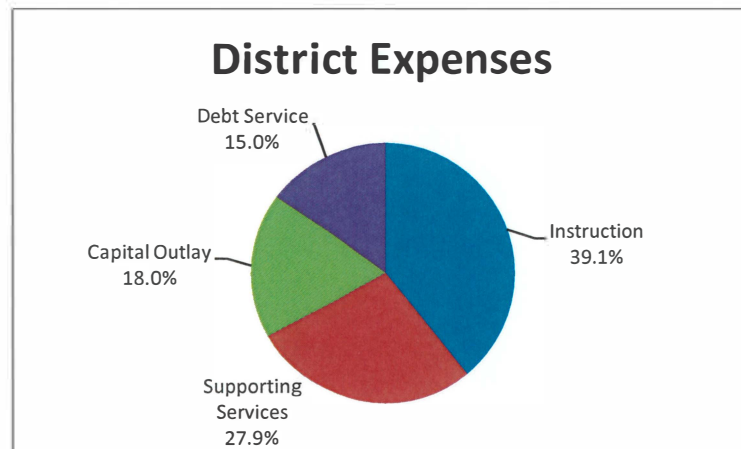
Table 2



District Expenses for Fiscal Year 2022 (Total Government Funds)

The District's expenses are predominately related to instruction (\$9,925,390), supporting services (\$7,076,668) and capital outlay (\$4,457,037) at a combined total of 85.00% (See Table 3). The district incurred 15.00% for debt reduction (\$2,715,000 principal, \$1,104,950 in interest and fiscal charges).

Table 3



Weld County School District RE-7
 Management’s Discussion and Analysis
 For the Fiscal Year Ended June 30, 2022

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$9,219.87 per funded student. In fiscal year 2022 the funded pupil count was 1,127.3. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 14.6% of this funding from state equalization while the remaining amounts come from property and specific ownership taxes. The School District’s assessed valuation generated \$10,755,620, (\$3,553) and \$3,840,690 in property taxes for general purposes, total program reserve and debt service, respectively, for fiscal year 2022.

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

Government Activities

Table 4

	FY 2022	FY 2021
Program revenues		
Charges for services	148,185	109,685
Operating grants & contributions	2,508,662	1,514,374
Capital grants & contributions	0	0
General revenues		
Property taxes	15,531,931	20,917,145
State equalization	2,002,893	0
Other	1,255,631	869,717
Total revenues	21,447,302	23,410,921
Instruction	5,811,300	4,717,131
Pupil and instructional services	611,216	527,575
Administration and business	1,286,754	985,844
Maintenance and operations	1,865,350	1,668,027
Transportation	615,019	454,519
Other	3,193,711	3,029,220
Total expenses	13,383,350	11,382,316
Change in net position	\$8,063,952	\$12,028,605

- The net program expense of all governmental activities during the year was \$10,726,503.
- The portion of governmental activities financed with state equalization from the School Finance Act of 1994 (SFA) was \$2,002,893 and \$10,755,620 in property taxes.
- The instructional expenditures in FY 2021 were decreased by \$4,677,904 due to pension and OPEB related expense.
- In FY 2022 instructional expenditures were decreased by \$4,138,584 related to pension and OPEB related expense.

Weld County School District RE-7
 Management’s Discussion and Analysis
 For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The District’s funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues and other financing sources of \$22,586,755 and expenditures and other financing uses of \$26,047,786. Detailed information about the District’s major funds starts on page 64.

General Fund Budgetary Highlights

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Platte Valley School District completed a significant amount of capital construction during the 2021-2022 fiscal year. In November 2019 Platte Valley was fortunate to pass a bond initiative allowing for capital construction improvements throughout the district. By fiscal year end 2022, Platte Valley completed approximately 95% of the identified capital asset and construction projects associated with the 2019 bond. These projects included: (a) completion of a 32,000 square foot addition to Platte Valley High School; (b) asbestos abatement and new flooring at Platte Valley Middle School; (c) locker room remodeling at Platte Valley Middle School; (d) conference room and office space remodeling at Platte Valley Elementary School; (e) completed approximately 380,000 square feet of parking lot maintenance, (f) replaced approximately 15 HVAC roof-top units across the district that had exceeded their life expectancy, (g) and began the process of replacing district vehicles and technology as spelled out in the election.

The District’s capital debt includes general obligation bonds (see Note G – Long term debt). The district incurred additional bond debt of \$26,575,000, from which the District received \$3,166,607 in premium, due to a successful election in November of 2019. Bond payments for the fiscal year included principal payments of \$2,715,000 on the bond indebtedness, resulting in a balance due \$33,075,000 at June 30, 2022. When including all outstanding bond debt, the District has 88% of its bonding capacity available as specified by Colorado statute. Table 5 shows capital assets, net of accumulated depreciation for fiscal year 2022.

Capital Assets at June 30, 2022
Table 5

	Governmental Activities
Land	\$ 48,100
Water rights	259,622
Buildings	48,842,652
Furniture and equipment	852,058
Licensed vehicles	480,502
Total Capital Assets	\$ 50,482,934

Weld County School District RE-7
 Management’s Discussion and Analysis
 For the Fiscal Year Ended June 30, 2022

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

Long-term Debt
Table 6

At year-end, the School District’s long-term debt of \$35,916,035 consisted of the following:

	Governmental Activities
Compensated absences	\$ 56,953
Bonds payable	33,075,000
Bond premium	2,784,082
Total	\$ 35,916,035

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

FACTORS BEARING ON THE DISTRICT’S FUTURE

For the 2022 fiscal year, the general fund balance increased \$1,427,237 resulting in a total general fund balance of \$10,292,564. The unrestricted fund balance is enough to cover approximately six months of operating costs. Additionally, the District was able to pass a mill-levy override extension and bond initiative in November 2019. The mill-levy override extension provides an additional \$414,303 annually to assist with operating the district. The \$26 million bond initiative was passed to improve and address capital construction projects. This bond allowed the district to build an athletic addition at the high school to improve curricular opportunities for all students as well as address district-wide deferred maintenance items. The District was able to maintain a Moody’s A1 Stable Credit Rating despite the economic uncertainties that took place during the 2021-2022 fiscal year. The district continued to be commended by Moody’s for its “strong financial performance” and “solid management team” with a “conservative debt management practice leading to a manageable debt burden with rapid payout”.

The District’s assessed value decreased by \$718,455,090, or 33.9% (from \$2,120,369,200 to \$1,401,914,110). The District’s general fund mill levy of 5.624 mills remained constant in 2022. The mill levy for the voter approved override increased by .702 mills from 1.370 mills in 2021 to 2.072 in 2022. Bond fund mill-levy increased by .396 mills year-over-year, allowing the District to maintain fund balance in the Bond Fund to off-set future decreases in assessed value and to protect District taxpayers. The overall mills increased 1.106 mills to 10.456.

Student enrollment at Weld County RE-7 increased by 56 students to a total pupil count of 1,188 compared to 1,132 in 2020-2021 Pk-12. The Funded Pupil Count (FPC) for fiscal year 2022 was calculated at 1,127.3 with Per Pupil Funding at \$9,219.88 per student after BS Factor.

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

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Salaries were allocated according to the salary agreement with PVEA. The salary agreement with PVEA is developed through a collaborative process with members of the association, Superintendent of Schools, Business Services Director, and members of the Board of Education. A stated goal for the extension and increase in for the mill-levy override is to maintain competitive salaries in an effort to recruit and retain high quality staff to the District.

Throughout the 2021-2022 school and fiscal year, Platte Valley School District, as was the case for schools across the state and country, continued to be impacted by the COVID-19 pandemic. The District was forced to quarantine students and staff throughout the year and work through increased absenteeism. Specific to financial impacts, the District through support of its local mill-levy override and federal stimulus funding provided resources focused on additional before and after school tutoring to help with learning loss associated with the pandemic, increased staffing to provide additional academic support throughout the school day to those students who had fallen behind academically, staffing to provide behavioral health support for students, enhanced cleaning and disinfecting throughout the district, and high-speed internet to families that could not access it due to financial and location considerations. In total the District utilized an additional \$1.22 million associated with one-time federal stimulus dollars associated to addressing the pandemic. The District will be maintaining a number of these services into the 2022-2023 school year to continue to provide support to students who fell behind due to the disrupted learning that took place as a result of the COVID pandemic.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Justin Decker
CFO/COO
Platte Valley School District

Basic Financial Statements

The basic financial statements of the District include the following:

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash	\$ 23,393,736
Cash with fiscal agent	70,595
Investments	7,386,878
Receivables	1,650,865
Inventory	56,670
Capital assets, net of depreciation	<u>50,482,934</u>
Total assets	83,041,678
Deferred outflows of resources	
Pension deferrals	4,964,114
Other post-employment benefit deferrals	118,942
Deferred charges on refundings of bonds	<u>40,811</u>
Total deferred outflows of resources	<u>5,123,867</u>
Total assets and deferred outflows of resources	<u><u>\$ 88,165,545</u></u>

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

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 137,684
Construction contracts payable	5,216
Accrued salaries and benefits	1,799,914
Payroll deductions and withholdings	12,261
Unearned revenue	15,123
Unearned grant revenue	24,409
Accrued interest	88,325
Noncurrent liabilities	
Due within one year	2,800,000
Due in more than one year	33,116,035
Net pension liability	16,639,529
Net OPEB liability	805,026
Total liabilities	<u>55,443,522</u>
Deferred inflows of resources	
Pension deferrals	8,397,116
Other post-employment benefit deferrals	306,599
Deferred charges on refundings of bonds	252,602
Total deferred inflows of resources	<u>8,956,317</u>
Net position	
Net investment in capital assets	14,412,060
Restricted for:	
Emergencies	395,000
Multi-year obligations	180,155
Land dedication	23,624
Total program reserve	1,492,806
Capital projects	5,239,527
Debt service	11,055,915
Food service	209,429
Unrestricted (deficit)	(9,242,810)
Total net position	<u>23,765,706</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 88,165,545</u></u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Activities
For the Year Ended June 30, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 5,811,300	\$ 112,520	\$ 1,256,994	
Supporting services				
Students	337,943		140,160	
Instructional staff	273,273		137,043	
General administration	363,198			
School administration	673,676		1,674	
Business services	249,880			
Operations and maintenance	1,865,350		239,478	
Student transportation	615,019		137,654	
Central support services	823,321		13,558	
Food service operations	422,889	35,665	582,101	
Facilities acquisition	5,800			
Unallocated depreciation *	1,343,691			
Interest and fiscal charges	598,010			
Total governmental activities	<u>\$ 13,383,350</u>	<u>\$ 148,185</u>	<u>\$ 2,508,662</u>	<u>\$ -</u>

General revenues

Taxes

Property taxes, levied for general purposes
Property taxes, levied for total program reserves
Property taxes, levied for debt service
Specific ownership taxes
Delinquent taxes, interest and abatements
State categorical aid
Earnings on investments
Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (4,441,786)

(197,783)

(136,230)

(363,198)

(672,002)

(249,880)

(1,625,872)

(477,365)

(809,763)

194,877

(5,800)

(1,343,691)

(598,010)

(10,726,503)

10,755,620

(3,553)

3,841,690

935,642

2,532

2,002,893

94,411

1,161,220

18,790,455

8,063,952

15,701,754

\$ 23,765,706

PLATTE VALLEY SCHOOL DISTRICT RE-7
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Total Program Reserve Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund
Assets				
Cash	\$ 8,027,608	\$ 1,492,806		\$ 11,048,435
Cash with fiscal agent	69,284			1,311
Investments	2,667,011			
Property taxes receivable	26,940			10,097
Due from other funds	191,491			
Grants receivable	1,242,941		\$ 245,466	
Other receivables	62,085			
Inventory	17,040			
Total assets	\$ 12,304,400	\$ 1,492,806	\$ 245,466	\$ 11,059,843
Liabilities				
Accounts payable	\$ 17,045			
Construction contracts payable				
Due to other funds	252,714		\$ 191,491	
Accrued salaries and benefits	1,718,947		40,174	
Payroll deductions and withholdings	12,261			
Unearned revenue				
Unearned grant revenue			13,801	
Total liabilities	2,000,967	\$ -	245,466	\$ -
Deferred inflows of resources				
Deferred property tax revenues	10,869			3,928
Fund balance				
Nonspendable inventory	17,040			
Restricted for emergencies	395,000			
Restricted for multi-year obligation	180,155			
Restricted for land dedication	23,624			
Restricted for total program reserve		1,492,806		
Restricted for capital projects				
Restricted for debt service				11,055,915
Restricted to food service				
Assigned for employee benefits	45,444			
Assigned for sale of building	37,138			
Assigned to youth help				
Assigned to pupil activities				
Assigned to capital projects				
Unassigned	9,594,163			
Total fund balance	10,292,564	1,492,806	-	11,055,915
Total liabilities, deferred inflows of resources and fund balance	\$ 12,304,400	\$ 1,492,806	\$ 245,466	\$ 11,059,843

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

Building Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,190,314	\$ 634,573	\$ 23,393,736
3,175,068	1,544,799	70,595
	252,714	7,386,878
	63,247	37,037
	89	444,205
	39,630	1,551,654
<u>\$ 5,365,382</u>	<u>\$ 2,535,052</u>	<u>\$ 33,002,949</u>
\$ 120,639		\$ 137,684
5,216		5,216
	\$ 40,793	444,205
	15,123	1,799,914
	10,608	12,261
<u>125,855</u>	<u>66,524</u>	<u>2,438,812</u>
		14,797
	39,630	56,670
		395,000
		180,155
		23,624
		1,492,806
5,239,527		5,239,527
		11,055,915
	209,429	209,429
		45,444
		37,138
	1,489	1,489
	634,493	634,493
	1,583,487	1,583,487
		9,594,163
<u>5,239,527</u>	<u>2,468,528</u>	<u>30,549,340</u>
<u>\$ 5,365,382</u>	<u>\$ 2,535,052</u>	<u>\$ 33,002,949</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

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

Total fund balance - governmental funds	\$ 30,549,340
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	50,482,934
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	14,797
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.	(88,325)
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	5,123,867
Long-term liabilities, including bonds payable, net pension and OPEB liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(53,360,590)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	<u>(8,956,317)</u>
Net position of the governmental activities	<u><u>\$ 23,765,706</u></u>

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

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Total Program Reserve Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund
Revenues				
Local sources	\$ 12,268,982	\$ 28,866		\$ 3,873,032
Intermediate sources	4,268			
State sources	2,848,941			
Federal sources	1,257,113		\$ 279,389	
Total revenues	16,379,304	28,866	279,389	3,873,032
Expenditures				
Instruction	9,197,562		145,584	
Supporting services	6,409,911	2	133,805	
Capital outlay				
Debt service				
Principal retirement				2,715,000
Interest and fiscal charges				1,104,950
Total expenditures	15,607,473	2	279,389	3,819,950
Excess of revenues over (under) expenditures	771,831	28,864	-	53,082
Other financing sources (uses)				
Transfers in	655,406			
Transfers out		(655,406)		
Total other financing sources (uses)	655,406	(655,406)	-	-
Net change in fund balances	1,427,237	(626,542)	-	53,082
Fund balance at beginning of year	8,865,327	2,119,348		11,002,833
Fund balance at end of year	<u>\$ 10,292,564</u>	<u>\$ 1,492,806</u>	<u>\$ -</u>	<u>\$ 11,055,915</u>

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

Building Fund	Other Governmental Funds	Total Governmental Funds
\$ 78,376	\$ 710,281	\$ 16,959,537
	3,970	4,268
	578,131	2,852,911
<u>78,376</u>	<u>1,292,382</u>	<u>21,931,349</u>
	582,244	9,925,390
	532,950	7,076,668
4,406,835	163,537	4,570,372
		2,715,000
		<u>1,104,950</u>
<u>4,406,835</u>	<u>1,278,731</u>	<u>25,392,380</u>
(4,328,459)	13,651	(3,461,031)
		655,406
		<u>(655,406)</u>
-	-	-
<u>(4,328,459)</u>	<u>13,651</u>	<u>(3,461,031)</u>
<u>9,567,986</u>	<u>2,454,877</u>	<u>34,010,371</u>
<u>\$ 5,239,527</u>	<u>\$ 2,468,528</u>	<u>\$ 30,549,340</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - governmental fund \$ (3,461,031)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period. 2,314,945

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. (28,058)

In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences, interest, and amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 6,523,096

Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position. 2,715,000

Change in net position of governmental activities \$ 8,063,952

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

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

A.2 – Fund accounting

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

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

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 a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.4 – Basis of accounting

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

A.7 – Inventories

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.8 – Capital assets

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

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

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

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

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

A.9 – Compensated absences

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

A.10 – Accrued liabilities and long-term obligations

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

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

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

A.11 – Fund balance

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

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

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

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

A.12 – Net Position

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

A.13 – Interfund transactions

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

A.14 – Extraordinary and special items

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

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$12,392,428, of which \$500,251 was insured and \$11,892,177 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

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

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

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

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

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’s investment policy follows state law. At year-end, the District’s investment in ColoTrust and CSIP were rated AAA by Standard and Poor’s.

<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 Plus+	\$ 4,748,713	\$ 4,748,713	-	-
CSIP LGIP	<u>2,638,165</u>	<u>2,638,165</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,386,878</u>	<u>\$ 7,386,878</u>	<u>\$ -</u>	<u>\$ -</u>

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 37,037
Grants receivable	1,551,654
Other receivables	<u>62,174</u>
Total	<u>\$ 1,650,865</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
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. Weld County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the County are remitted to the District in the subsequent month.

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	\$ 191,491	\$ 252,714
Governmental designated purpose grants fund	-	191,491
Other governmental funds	<u>252,714</u>	<u>-</u>
Total	<u>\$ 444,205</u>	<u>\$ 444,205</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ 655,406	\$ -
Total program reserve fund	<u>-</u>	<u>655,406</u>
Total	<u>\$ 655,406</u>	<u>\$ 655,406</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 \$655,406 from the Total Program Reserve Fund to the General Fund in accordance with C.R.S. Section 22-45-103(k).

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 48,100	\$ -	\$ -	\$ 48,100
Water rights	259,622	-	-	259,622
Construction in progress	<u>18,870,665</u>	<u>3,640,017</u>	<u>(22,510,682)</u>	<u>-</u>
Total capital assets, not being depreciated	19,178,387	3,640,017	(22,510,682)	307,722
Capital assets, being depreciated:				
Buildings and improvements	43,577,732	175,872	22,496,024	66,249,628
Furniture and equipment	2,506,184	22,864	14,658	2,543,706
Licensed vehicles	<u>1,910,584</u>	<u>117,012</u>	<u>-</u>	<u>2,027,596</u>
Total capital assets, being depreciated	<u>47,994,500</u>	<u>315,748</u>	<u>22,510,682</u>	<u>70,820,930</u>
Total capital assets	67,172,887	3,955,765	-	71,128,652
Less accumulated depreciation for:				
Buildings and improvements	(16,063,284)	(1,343,692)	-	(17,406,976)
Furniture and equipment	(1,531,799)	(159,849)	-	(1,691,648)
Licensed vehicles	<u>(1,409,815)</u>	<u>(137,279)</u>	<u>-</u>	<u>(1,547,094)</u>
Total accumulated depreciation	<u>(19,004,898)</u>	<u>(1,640,820)</u>	<u>-</u>	<u>(20,645,718)</u>
Governmental activities capital assets, net	<u>\$ 48,167,989</u>	<u>\$ 2,314,945</u>	<u>\$ -</u>	<u>\$ 50,482,934</u>

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

Governmental activities	
Instruction	\$ 15,582
School administration	6,258
Operations and maintenance	60,300
Student transportation	137,279
Central support	52,690
Food services	25,020
Unallocated	<u>1,343,691</u>
Total depreciation expense	<u>\$ 1,640,820</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$1,799,914. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 48,041	\$ 8,912	\$ -	\$ 56,953	\$ -
Bonds payable	35,790,000	-	(2,715,000)	33,075,000	2,800,000
Bond premium	<u>3,186,047</u>	<u>-</u>	<u>(401,965)</u>	<u>2,784,082</u>	<u>-</u>
Total	<u>\$ 39,024,088</u>	<u>\$ 8,912</u>	<u>\$ (3,116,965)</u>	<u>\$ 35,916,035</u>	<u>\$ 2,800,000</u>

Payments on the bonds payable are made in the Bond Redemption Fund. Compensated absences will be liquidated by the General Fund and Food Service Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$3,200,000 general obligation refunding bonds, dated September 20, 2016, due in annual installments ranging from \$50,000 to \$655,000; annual interest rate of 2.00%, payable semi-annually on December 1st and June 1st. 1,710,000

\$26,575,000 general obligation bonds, dated December 30, 2019, due in annual installments beginning in fiscal year 2022 ranging from \$460,000 to \$3,830,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1st and December 1st. The bonds maturing on or before December 1, 2029 are not subject to redemption prior to their stated maturity dates. The bonds maturing on or after December 1, 2030 are subject to redemption prior to maturity at the option of the District, in whole or in part. 26,115,000

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt (Continued)

\$6,925,000 general obligation refunding bonds, dated September 3, 2020, due in annual installments ranging from \$55,000 to \$1,815,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1 st and December 1 st .	<u>5,250,000</u>
Total general obligation bonds	<u>\$ 33,075,000</u>

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

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,800,000	\$ 1,011,700
2024	2,895,000	913,450
2025	2,995,000	830,300
2026	3,190,000	733,400
2027	3,315,000	636,450
2028-2032	<u>17,880,000</u>	<u>1,732,950</u>
Totals	<u>\$ 33,075,000</u>	<u>\$ 5,858,250</u>

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, \$7,195,000 of bonds outstanding are considered defeased.

Note H – Short-term debt

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

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
Short-term debt	<u>\$ -</u>	<u>\$ 1,584,027</u>	<u>\$ 1,584,027</u>	<u>\$ -</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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:

- 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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.

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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 \$1,780,969 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. 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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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 \$16,639,529 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	\$ 16,639,529
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,907,510</u>
Total	<u>\$ 18,547,039</u>

At December 31, 2021, the District’s proportion was 0.1430%, which was a decrease of 0.0136% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(4,401,116) and revenue of \$203,650 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 665,361	\$ -
Changes of assumptions or other inputs	1,391,249	-
Net difference between projected and actual earnings on pension plan investments	-	6,386,506
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,007,589	2,010,610
Contributions subsequent to the measurement date	<u>899,915</u>	<u>-</u>
Total	<u>\$ 4,964,114</u>	<u>\$ 8,397,116</u>

\$899,915 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	\$ (24,977)
2024	(1,736,984)
2025	(1,811,616)
2026	<u>(759,340)</u>
Totals	<u>\$ (4,332,917)</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:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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	<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%.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- 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	\$ 24,492,026	\$ 16,639,529	\$ 10,086,914

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.

Payables to the pension plan

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

PLATTE VALLEY SCHOOL DISTRICT RE-7

Notes to Financial Statements

Note J – Defined contribution pension plan

Voluntary Investment Program

Plan description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available 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, program members contributed \$194,746 and the District recognized pension expense of \$150,245 for the Voluntary Investment Program.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

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

Enrollment in the PERACare 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.

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

DPS Benefit Structure

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

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 \$91,378 for the year ended June 30, 2022.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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

At year-end, the District reported a liability of \$805,026 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 0.0934%, which was an increase of 0.0029% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$3,945). 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	\$ 1,191	\$ 184,570
Changes of assumptions or other inputs	16,610	42,351
Net difference between projected and actual earnings on OPEB plan investments	-	48,726
Changes in proportion and differences between contributions recognized and proportionate share of contributions	54,969	30,952
Contributions subsequent to the measurement date	<u>46,173</u>	<u>-</u>
Total	<u>\$ 118,942</u>	<u>\$ 306,599</u>

\$46,173 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

Year Ended June 30, <u> </u>	<u>Amount</u>
2023	\$ (66,086)
2024	(69,984)
2025	(70,681)
2026	(25,916)
2027	(1,169)
2028	<u>6</u>
Total	<u>\$ (233,830)</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

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Initial Costs for Members without Medicare Part A</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:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note K – 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.
- **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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

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

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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note K – 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	\$ 781,908	\$ 805,026	\$ 831,807

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note K – 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:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note K – 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>934,954</u>	\$ <u>805,026</u>	\$ <u>694,046</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 L – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool’s objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District’s contribution for the year was \$223,893. The District continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance.

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

Note M – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note M – Commitments and contingencies (Continued)

“spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR’s language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$395,000 for the emergency reserve.

Federal and state funding

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

Local Government Budget Law

Expenditures in the Governmental Designated Purpose Grants Fund exceeded appropriations by \$27,745 and may be in violation of Colorado Local Government Budget Laws.

Note N – Joint venture

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note N – Joint venture (Continued)

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

For the year, the District's financial contribution to the BOCES was \$75,389.

Note O – Termination Benefits

The District has entered into early retirement agreements under the District's Voluntary Early Retirement of Employees policy. These agreements call for payments in the total amount of \$248,146 to be paid out in fiscal year 2023.

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Required Supplementary Information

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Total Program Reserve Fund
- 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

PLATTE VALLEY SCHOOL DISTRICT RE-7
General 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	\$ 12,109,469	\$ 11,644,558	\$ 12,268,982	\$ 624,424
Intermediate sources	5,000	4,627	4,268	(359)
State sources	1,690,337	2,633,376	2,848,941	215,565
Federal sources	1,088,598	1,272,395	1,257,113	(15,282)
Total revenues	14,893,404	15,554,956	16,379,304	824,348
Expenditures				
Instruction	9,501,753	9,323,907	9,197,562	126,345
Supporting services	6,059,833	6,248,817	6,409,911	(161,094)
Reserve for contingency	8,256,922	8,865,327		8,865,327
Total expenditures	23,818,508	24,438,051	15,607,473	8,830,578
Excess of revenues over (under) expenditures	(8,925,104)	(8,883,095)	771,831	9,654,926
Other financing sources (uses)				
Transfers in	738,182	655,406	655,406	-
Transfers out	(70,000)	(70,000)		70,000
Total other financing sources (uses)	668,182	585,406	655,406	70,000
Net change in fund balance	\$ (8,256,922)	\$ (8,297,689)	1,427,237	\$ 9,724,926
Fund balance at beginning of year			8,865,327	
Fund balance at end of year			\$ 10,292,564	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Total Program Reserve 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				
Property taxes		\$ 925	\$ (2,028)	\$ (2,953)
Specific ownership taxes		35,110	30,795	(4,315)
Delinquent taxes and interest			99	99
Total revenues	\$ -	36,035	28,866	(7,169)
Expenditures				
Supporting services				
Purchased services	8,000	8,000	2	7,998
Appropriated reserves	2,237,525	2,119,348		2,119,348
Total expenditures	2,245,525	2,127,348	2	2,127,346
Excess of revenues over (under) expenditures	(2,245,525)	(2,091,313)	28,864	2,120,177
Other financing uses				
Transfers out	(738,812)	(655,406)	(655,406)	-
Net change in fund balance	<u>\$ (2,984,337)</u>	<u>\$ (2,746,719)</u>	(626,542)	<u>\$ 2,120,177</u>
Fund balance at beginning of year			<u>2,119,348</u>	
Fund balance at end of year			<u>\$ 1,492,806</u>	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal sources				
Services within the BOCES	\$ 251,784	\$ 251,644	\$ 279,389	\$ 27,745
Expenditures				
Instruction				
Salaries	113,386	115,924	127,945	(12,021)
Employee benefits			10,043	(10,043)
Purchased services			83	(83)
Supplies and materials	14,909	15,371	7,513	7,858
Total instruction	128,295	131,295	145,584	(14,289)
Supporting services				
Salaries	110,233	103,442	117,341	(13,899)
Employee benefits	1,050		3,526	(3,526)
Purchased services	1,950	14,772	10,805	3,967
Supplies and materials	10,256	2,135	2,133	2
Total supporting services	123,489	120,349	133,805	(13,456)
Total expenditures	251,784	251,644	279,389	(27,745)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
PERA's School Division Trust Fund
June 30, 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	0.1430%	0.1566%	0.1361%	0.1431%
District's proportionate share of the net pension liability	\$ 16,639,529	\$ 23,674,305	\$ 20,329,418	\$ 25,341,173
State's proportionate share of the net pension liability	<u>1,907,510</u>	<u>-</u>	<u>2,578,528</u>	<u>3,465,053</u>
Total	<u>\$ 18,547,039</u>	<u>\$ 23,674,305</u>	<u>\$ 22,907,946</u>	<u>\$ 28,806,226</u>
District's covered payroll	\$ 8,936,028	\$ 8,372,955	\$ 7,996,252	\$ 7,867,715
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.21%	282.75%	254.24%	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>
0.1592%	0.1616%	0.1659%	0.1639%	0.1524%
\$51,477,544	\$48,110,414	\$25,367,408	\$22,220,071	\$19,434,669
-	-	-	-	-
<u>\$51,477,544</u>	<u>\$48,110,414</u>	<u>\$25,367,408</u>	<u>\$22,220,071</u>	<u>\$19,434,669</u>
\$7,343,091	\$7,252,209	\$7,228,219	\$6,868,124	\$6,142,494
701.03%	663.39%	350.95%	323.52%	316.40%
43.96%	43.10%	59.20%	62.84%	64.06%

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
PERA's School Division Trust Fund
June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 1,780,969	\$ 1,745,112	\$ 1,579,689	\$ 1,406,609
Contributions in relation to the contractually required contribution	<u>(1,780,969)</u>	<u>(1,745,112)</u>	<u>(1,579,689)</u>	<u>(1,406,609)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,958,590	\$ 8,778,394	\$ 8,152,659	\$ 7,352,896
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>
\$ 1,414,928	\$ 1,329,171	\$ 1,277,084	\$ 1,181,839	\$ 1,067,691
<u>(1,414,928)</u>	<u>(1,329,171)</u>	<u>(1,277,084)</u>	<u>(1,181,839)</u>	<u>(1,067,691)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,493,256	\$ 7,231,054	\$ 7,196,480	\$ 6,991,277	\$ 6,668,559
18.88%	18.38%	17.75%	16.90%	16.01%

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
June 30, 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	0.0934%	0.0905%	0.0889%	0.0930%
District's proportionate share of the net OPEB liability	\$ 805,026	\$ 860,365	\$ 999,576	\$ 1,265,638
District's covered payroll	\$ 8,936,028	\$ 8,372,955	\$ 7,996,252	\$ 7,867,715
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>
----------------------	----------------------

0.0904%	0.0918%
---------	---------

\$ 1,175,478	\$ 1,190,823
--------------	--------------

\$ 7,343,091	\$ 7,252,209
--------------	--------------

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
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	\$ 91,378	\$ 89,540	\$ 83,157	\$ 75,000
Contributions in relation to the contractually required contribution	<u>(91,378)</u>	<u>(89,540)</u>	<u>(83,157)</u>	<u>(75,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,958,590	\$ 8,778,394	\$ 8,152,659	\$ 7,352,896
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>
\$ 76,431	\$ 73,757
<u>(76,431)</u>	<u>(73,757)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 7,493,256	\$ 7,231,054
1.02%	1.02%

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

Note A – Budgetary data

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

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

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

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

Other Supplementary Information

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

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General Fund

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 11,247,469	\$ 10,465,456	\$ 10,775,251	\$ 309,795
Specific ownership taxes	704,500	738,000	904,847	166,847
Delinquent taxes and interest			1,783	1,783
Abatements		375		(375)
Earnings on investments	7,000	2,500	7,164	4,664
Pupil activities	30,000	51,287	54,401	3,114
Other local revenue	120,500	386,940	525,536	138,596
Total local sources	12,109,469	11,644,558	12,268,982	624,424
Intermediate sources	5,000	4,627	4,268	(359)
State sources				
Equalization	1,187,261	2,002,904	2,002,893	(11)
Vocational education	146,000	177,465	176,793	(672)
ELPA professional development	24,076			-
English language proficiency	18,000	22,319	22,318	(1)
Transportation	110,000	134,697	137,654	2,957
State grants to libraries		4,000	4,948	948
Small rural schools funding	160,000	197,924	197,924	-
At risk funding			7,597	7,597
Career success pilot program		14,353	15,000	647
READ Act	30,000	43,178	43,179	1
Mitigation at-risk funding		21,536	21,537	1
On-behalf payment			203,651	203,651
Services within the BOCES	15,000	15,000	15,447	447
Total state sources	1,690,337	2,633,376	2,848,941	215,565
Federal sources				
ESSER III	554,645	710,475	710,475	-
ESSER II - Distribution 90%	533,953	546,920	515,466	(31,454)
SNAP: P-EBT mini grants			614	614
Improving student health		15,000	17,000	2,000
Emergency connectivity fund			13,558	13,558
Total federal sources	1,088,598	1,272,395	1,257,113	(15,282)
Total revenues	\$ 14,893,404	\$ 15,554,956	\$ 16,379,304	\$ 824,348

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PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 6,139,575	\$ 6,101,030	\$ 5,967,671	\$ 133,359
Employee benefits	2,319,514	2,216,276	2,305,772	(89,496)
Purchased services	766,920	687,954	638,601	49,353
Supplies and materials	256,194	278,477	260,562	17,915
Property	19,550	40,170	24,956	15,214
Total instruction	9,501,753	9,323,907	9,197,562	126,345
Supporting services				
Students				
Salaries	239,292	245,367	244,229	1,138
Employee benefits	108,575	92,959	94,385	(1,426)
Purchased services	137,570	141,022	153,273	(12,251)
Supplies and materials	6,948	6,103	4,451	1,652
Property	500	500	1,249	(749)
Total students	492,885	485,951	497,587	(11,636)
Instructional staff				
Salaries	177,650	171,709	167,155	4,554
Employee benefits	94,591	86,960	92,793	(5,833)
Purchased services	42,043	40,901	50,095	(9,194)
Supplies and materials	21,933	23,883	27,495	(3,612)
Property	4,300	3,800	1,261	2,539
Total instructional staff	340,517	327,253	338,799	(11,546)
General administration				
Salaries	257,500	256,575	326,202	(69,627)
Employee benefits	104,270	104,412	113,352	(8,940)
Purchased services	83,950	112,550	116,585	(4,035)
Supplies and materials	3,000	2,260	337	1,923
Property	1,500	1,500	200	1,300
Other	9,000		27,993	(27,993)
Total general administration	459,220	477,297	584,669	(107,372)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	914,325	943,000	1,031,028	(88,028)
Employee benefits	313,172	309,454	321,937	(12,483)
Purchased services	6,250	10,100	14,464	(4,364)
Property	2,000	1,166		1,166
Total school administration	1,235,747	1,263,720	1,367,429	(103,709)
Business services				
Salaries	199,573	210,000	202,362	7,638
Employee benefits	67,759	69,549	71,689	(2,140)
Purchased services	84,103	103,603	96,022	7,581
Supplies and materials	7,150	8,530	8,253	277
Property	2,000	2,000		2,000
Other			224	(224)
Total business services	360,585	393,682	378,550	15,132
Operations and maintenance				
Salaries	463,671	464,300	496,416	(32,116)
Employee benefits	176,209	174,800	179,377	(4,577)
Purchased services	590,500	676,145	681,035	(4,890)
Supplies and materials	494,100	566,325	549,991	16,334
Property	8,833	24,583	24,953	(370)
Total operations and maintenance	1,733,313	1,906,153	1,931,772	(25,619)
Student transportation				
Salaries	486,722	434,150	392,226	41,924
Employee benefits	149,972	125,189	134,265	(9,076)
Purchased services	46,925	47,900	37,985	9,915
Supplies and materials	110,525	125,100	150,935	(25,835)
Property	1,100	1,100		1,100
Other			490	(490)
Total student transportation	795,244	733,439	715,901	17,538

(continued)

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2022

(continued)	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Central support services				
Salaries	262,588	268,000	269,729	(1,729)
Employee benefits	88,170	88,958	94,367	(5,409)
Purchased services	266,864	269,539	195,170	74,369
Supplies and materials	20,700	23,600	23,408	192
Property	4,000	11,225	12,570	(1,345)
Other			(40)	40
Total central support services	642,322	661,322	595,204	66,118
Total supporting services	6,059,833	6,248,817	6,409,911	(161,094)
Reserve for contingency	8,256,922	8,865,327		8,865,327
Total expenditures	\$ 23,818,508	\$ 24,438,051	\$ 15,607,473	\$ 8,830,578

**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.

Capital Projects Funds – 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Food Service Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund	Total
Assets				
Cash	\$ 80	\$ 634,493		\$ 634,573
Investments			\$ 1,544,799	1,544,799
Due from other funds	214,026		38,688	252,714
Grants receivable	63,247			63,247
Other receivables	89			89
Inventory	39,630			39,630
Total assets	\$ 317,072	\$ 634,493	\$ 1,583,487	\$ 2,535,052
Liabilities				
Accrued salaries and benefits	\$ 40,793			\$ 40,793
Unearned revenue	15,123			15,123
Unearned grant revenue	10,608			10,608
Total liabilities	66,524	\$ -	\$ -	66,524
Fund balance				
Nonspendable for inventory	39,630			39,630
Restricted to food service	209,429			209,429
Assigned to youth help	1,489			1,489
Assigned to pupil activities		634,493		634,493
Assigned to capital projects			1,583,487	1,583,487
Total fund balance	250,548	634,493	1,583,487	2,468,528
Total liabilities and fund balance	\$ 317,072	\$ 634,493	\$ 1,583,487	\$ 2,535,052

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

	Food Service Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund	Total
Revenues				
Local sources	\$ 47,022	\$ 659,407	\$ 3,852	\$ 710,281
State sources	3,970			3,970
Federal sources	578,131			578,131
Total revenues	629,123	659,407	3,852	1,292,382
Expenditures				
Instruction		582,244		582,244
Supporting services	532,950			532,950
Capital outlay			163,537	163,537
Total expenditures	532,950	582,244	163,537	1,278,731
Net change in fund balances	96,173	77,163	(159,685)	13,651
Fund balance at beginning of year	154,375	557,330	1,743,172	2,454,877
Fund balance at end of year	<u>\$ 250,548</u>	<u>\$ 634,493</u>	<u>\$ 1,583,487</u>	<u>\$ 2,468,528</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues	\$ 13,000	\$ 40,495	\$ 47,022	\$ 6,527
State sources	6,150	3,970	3,970	-
Federal sources	416,150	452,523	578,131	125,608
Total revenues	435,300	496,988	629,123	132,135
Expenditures				
Supporting services				
Salaries	202,475	204,350	203,481	869
Employee benefits	108,995	107,879	108,431	(552)
Purchased services	7,050	7,200	8,751	(1,551)
Supplies and materials	207,900	237,034	212,287	24,747
Property	1,000	1,000		1,000
Appropriated reserves	136,853	154,375		154,375
Total expenditures	664,273	711,838	532,950	178,888
Excess of revenues over (under) expenditures	(228,973)	(214,850)	96,173	(46,753)
Other financing sources				
Transfers in	70,000	70,000		(70,000)
Net change in fund balance	\$ (158,973)	\$ (144,850)	96,173	\$ 241,023
Fund balance at beginning of year			154,375	
Fund balance at end of year			\$ 250,548	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Pupil Activity 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				
Pupil activities	\$ 525,000	\$ 585,000	\$ 659,407	\$ 74,407
Expenditures				
Pupil activity expenditures				
Purchased services		25,000	38,894	(13,894)
Supplies and materials	525,000	495,000	543,350	(48,350)
Appropriated reserves	556,117	557,330		557,330
Total expenditures	1,081,117	1,077,330	582,244	495,086
Net change in fund balance	\$ (556,117)	\$ (492,330)	77,163	\$ 569,493
Fund balance at beginning of year			557,330	
Fund balance at end of year			\$ 634,493	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Capital Reserve Capital Projects 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				
Earnings on investments	\$ 2,000	\$ 1,350	\$ 3,852	\$ 2,502
Expenditures				
Capital outlay				
Purchased services		27,015	27,015	-
Property		133,000	136,522	(3,522)
Appropriated reserves	1,743,045	1,743,172		1,743,172
Total expenditures	1,743,045	1,903,187	163,537	1,739,650
Net change in fund balance	\$ (1,741,045)	\$ (1,901,837)	(159,685)	\$ 1,742,152
Fund balance at beginning of year			1,743,172	
Fund balance at end of year			\$ 1,583,487	

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,817,512	\$ 3,858,067	\$ 3,848,592	\$ (9,475)
Delinquent taxes and interest			650	650
Interest on investments	15,000	5,000	23,790	18,790
Total revenues	3,832,512	3,863,067	3,873,032	9,965
Expenditures				
Debt service				
Principal retirement	2,715,000	2,715,000	2,715,000	-
Interest and fiscal charges	1,104,750	1,104,750	1,104,950	(200)
Appropriated reserves	10,885,930	11,002,833		11,002,833
Total expenditures	14,705,680	14,822,583	3,819,950	11,002,633
Net change in fund balance	\$ (10,873,168)	\$ (10,959,516)	53,082	\$ 11,012,598
Fund balance at beginning of year			11,002,833	
Fund balance at end of year			\$ 11,055,915	

Budgetary Comparison Schedules – Capital Projects Funds

The District reports the following major capital projects funds:

- Building Fund – This fund is used to account for the proceeds of bond sales, revenues from other sources and expenditures for capital outlay for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial, additional and replacement of equipment as authorized by the local board of education, as specified in the related bond issue.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Earnings on investments	\$ 80,000	\$ 71,081	\$ 59,605	\$ (11,476)
Other local revenue			18,771	18,771
Total revenues	80,000	71,081	78,376	7,295
Expenditures				
Capital outlay				
Purchased services		8,750	8,723	27
Property	7,230,333	4,226,914	4,398,112	(171,198)
Appropriated reserves	14,430,849	30,253,056		30,253,056
Total expenditures	21,661,182	34,488,720	4,406,835	30,081,885
Net change in fund balance	<u>\$ (21,581,182)</u>	<u>\$ (34,417,639)</u>	(4,328,459)	<u>\$ 30,089,180</u>
Fund balance at beginning of year			9,567,986	
Fund balance at end of year			<u>\$ 5,239,527</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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services			
Donated Commodities	10.555	4555	\$ 39,214
Colorado Department of Education			
School Breakfast Program	10.553	5553	53,233
National School Lunch Program	10.555	5555	464,692
National School Lunch Program	10.555	6555	<u>20,992</u>
Total CFDA Number 10.555			<u>485,684</u>
Total Child Nutrition Cluster			578,131
Pass-through program from:			
Colorado Department of Education:			
Pandemic EBT Administrative Costs	10.649	4649	<u>614</u>
Total U.S. Department of Agriculture			578,745
U.S. Department of Education			
Pass-through programs from:			
Colorado Department of Education:			
COVID-19 Education Stabilization Fund	84.425U	4414	710,475
COVID-19 Education Stabilization Fund	84.425U	4420	<u>515,466</u>
Total CFDA Number 84.425D			1,225,941
Total U.S. Department of Education			1,225,941
U.S. Department of Health and Human Services			
Pass-through programs from:			
Colorado Department of Education:			
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	7981	<u>17,000</u>
Total U.S. Department of Health and Human Services			17,000
Federal Communications Commission			
Emergency Connectivity Fund Program	32.009	8009	<u>13,558</u>
Total Federal Communications Commission			<u>13,558</u>
Total expenditures of federal awards			<u>\$ 1,835,244</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

PLATTE VALLEY SCHOOL DISTRICT RE-7
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 Platte Valley School District RE-7 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 Platte Valley School District RE-7, it is not intended to and does not present the financial position, changes in net position, or cash flows of Platte Valley School District RE-7.

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

Platte Valley School District RE-7 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Platte Valley School District RE-7 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. Platte Valley School District RE-7 received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	\$ <u>39,214</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
Platte Valley School District RE-7
Kersey, 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 Platte Valley School District RE-7 (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 October 4, 2022.

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
October 4, 2022



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

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

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Platte Valley School District RE-7'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 judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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
October 4, 2022

PLATTE VALLEY SCHOOL DISTRICT RE-7
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 Platte Valley School District RE-7 (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:

Education Stabilization Fund	CFDA No. 84.425
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8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did not qualify 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: 3130 - Platte Valley RE-7
 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	8,865,327	17,034,710	15,607,473	10,292,564
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	8,865,327	17,034,710	15,607,473	10,292,564
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	2,119,348	-626,540	2	1,492,806
21 Food Service Spec Revenue Fund	154,375	629,123	532,950	250,548
22 Govt Designated-Purpose Grants Fund	0	279,389	279,389	0
23 Pupil Activity Special Revenue Fund	557,330	659,407	582,243	634,493
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	11,002,833	3,873,032	3,819,950	11,055,915
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	9,567,986	78,376	4,406,836	5,239,526
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,743,172	3,852	163,537	1,583,487
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	34,010,372	21,931,348	25,392,381	30,549,339
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL