

**BUENA VISTA SCHOOL DISTRICT R-31  
BUENA VISTA, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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**FINANCIAL SECTION**



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

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

Board of Education  
Buena Vista School District R-31  
Buena Vista, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista School District R-31 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista School District R-31 as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 48- 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

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

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*PB Solutions LLC*

Littleton, Colorado  
October 20, 2023

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

The discussion and analysis of Buena Vista School District R-31's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

**FINANCIAL HIGHLIGHTS**

- In total, the net position of the District decreased by \$1,073,836. The assets of the Buena Vista School District R-31 exceeded its liabilities at the close of the most recent fiscal year by \$29,037,154. Fiscal year 2023 saw an increase in the Net Pension Liability of \$3,963,940 resulting in a balance in Net Pension Liability of \$18,066,444 as compared to a Net Pension Liability of \$14,102,504 at the close of fiscal year 2022. The District also incurred a decrease in the Net OPEB Liability of \$66,697 resulting in a balance at the close of 2023 of \$615,587 as compared to \$682,284 in 2022.
  
- General Revenues on the Statement of Activities accounted for \$13,245,982 in revenue or 74 percent of all governmental revenues. This percent of the total is consistent with FY 22. Fiscal year 2023 also saw a shift to local tax collections with a new assessment period coupled with the increasing program mils. The district is now required by law to increase the local share of program mils in response to HB21-1164 each year until the District reaches 23.149 mils. The certified mil in FY 2023 as compared to FY 22 increased by one mil resulting in a higher property tax collection, which more than offset the reduction in state equalization dollars. In addition, the state also reduced the Budget Stabilization Factor coupled with pre-pandemic student counts resulting in an increase in General Fund Revenues. The District did experience a slight decrease in Specific Ownership Tax also in the amount of \$14,871. Specific revenues in the form of charges for services, grants and contributions accounted for \$4,690,564 or 26 percent of total governmental revenues on the Statement of Activities of \$17,936,546.

The District incurred \$20,409,382 in expenses related to total governmental funds. The District received revenue including other sources of \$20,902,694. The excess of revenue over expenses in the amount of \$493,312, was primarily caused by a reduction in capital outlay expenditures for fiscal year 2023 as compared for fiscal year 2022. In addition, as part of the federal Covid dollars the district is allowed to record an indirect revenue that can support unrestricted General Fund expenses. It was determined that due to the exceptionally high raises the district was going to give in fiscal year 2024, to not spend down the current year indirect revenue but rather to allow the dollars to flow into reserves. This will cushion the pay increase that was given to staff for fiscal year 2024.

- The Bond fund had payments to bond holders of \$2,413,372. The Capital construction payments amounted to \$2,235,757 which includes a \$1,000,000

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Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

charge under Gasb 87 for a sale lease back of the gym and extensive work on a space for Chaffee County High School.

- Revenue also slightly increased in 2023 as compared to 2022 primarily due to the Capital Projects Funds. The District received in a Buell Grant for \$330,000 for the design of a new preschool of which approximately \$50,000 was recognized as earned income. The district also saw a substantial increase in interest income for dollars held at Colotrust. The interest increases in FY 2023 as compared to FY 2022 was approximately \$80,059.
- The Food Service Fund has been included in with Other Governmental Funds on the Statement of Revenues, Expenditures and Changes in Fund Balance and had a decrease in Federal Sources. During fiscal year 2022 the District participated in federal programs that allowed all students to eat for free regardless of income status. This resulted in higher income collections for FY 2022 over FY 2023 in which only free and reduced students received a price break.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: Management's Discussion and Analysis, the basic financial statements, required supplementary information, and 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 government 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. The supplementary information contains combining statements for non-major governmental funds, as well as budgetary comparisons for all other funds. For fiscal year end 2023, the District did not have any combining statements for non-major governmental funds as all were considered major.

**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 liabilities. All of the current year's

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and liabilities) 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.

**Governmental activities**

Most of the District's basic services are included here, such as instruction, transportation, maintenances and operation, and administration. These activities are financed mainly through property taxes and state equalization funds. Because of the change in classification, the Food Service fund is also reported under governmental activities as a special revenue fund. The Food Service fund receives much of its revenue from federal reimbursements with the balance of revenue from charging students and staff and transfers from the General fund.

**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 used 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 maintains five major governmental funds and one nonmajor governmental fund.

**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 reconciliations of the governmental fund statements to the district-wide statements explain the relationships (or differences) between them.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

As noted earlier, net position is used to serve as a potential indicator of a government's financial position. However, with the requirement under GASB 68, the District has incurred a proportional share of net unfunded PERA liability of \$18,066,444 for fiscal year end 2023. This has resulted in assets including deferred outflows exceeding liabilities and deferred inflows by \$29,037,154. Under GASB 75, the District has also incurred a Net OPEB Liability of \$615,587. The District also recognized \$63,225,359 for capital assets as part of the new buildings for the middle and high school campus that is also included in the 2023 Total Assets.

**Condensed Statement of Net Position**

Assets and Deferred Outflows:	<u>2022</u>	<u>2023</u>
Current Assets	\$ 13,796,907	\$ 14,521,303
Capital Assets	65,123,147	63,225,359
Deferred Outflow	4,461,832	4,583,195
Total Assets and Deferred Outflows:	<u>\$83,381,886</u>	<u>\$82,329,857</u>
Liabilities and Deferred Inflows		
Current Liabilities	3,131,957	3,530,036
Long Term Liabilities	28,013,744	27,608,129
Pension Liability	14,102,504	18,066,444
OPEB Liability	682,284	615,587
Deferred Outflow Related to Pensions	7,075,730	3,209,369
Deferred Outflow Related to OPEB	264,677	263,138
Total Liabilities and Deferred Inflows	<u>\$63,166,810</u>	<u>\$ 53,292,703</u>
Net Position		
Invested in Capital Assets	35,748,977	34,218,199
Restricted	4,202,388	4,749,319
Unrestricted	(9,840,375)	(9,930,364)
Total Net Position	<u>\$ 30,110,990</u>	<u>29,037,154</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$83,381,886</u>	<u>\$ 82,329,857</u>

The largest portion of the District's assets are Capital Assets. This is the result of the construction of the middle and high school facilities. The balance of Current Assets are primarily cash and investments. At the close of the fiscal year, the District reported a positive net position due to construction of the new schools which offset the increase in the Net Pension Liability.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Buena Vista School District Statement of Activities**

	<u>2022</u>	<u>2023</u>	<u>Net Difference</u>
Program Revenues			
Charges for services	\$ 161,829	\$ 399,947	\$ 238,118
Operating Grants and Contributions	3,504,838	4,110,063	605,225
Capital Grants and Contributions	539,208	180,554	(358,654)
General Revenues			
Property taxes	9,872,547	10,477,095	604,548
Specific Ownership taxes	1,102,389	1,087,518	(14,871)
State Equalization	3,873,960	3,787,024	(86,936)
Other Revenues	617,542	-	(617,542)
Investment Earnings	15,842	202,911	187,069
Special Item	-	-	-
Total Revenues	<u>\$ 19,688,155</u>	<u>\$ 20,245,112</u>	<u>\$ 556,957</u>
Expenses			
Instruction	\$ 4,733,209	10,380,209	5,647,000
Supporting Services	6,111,099	9,832,161	3,721,062
Interest on long-term debt	1,267,183	1,106,578	(160,605)
Total Expenses	<u>\$ 12,111,491</u>	<u>\$ 21,318,948</u>	<u>\$ 9,207,458</u>
change in net position	7,576,664	(1,073,836)	(8,650,500)
Net position -beginning	22,534,326	30,110,990	7,576,664
Net-position-ending	<u>\$ 30,110,990</u>	<u>\$ 29,037,154</u>	<u>\$ (1,073,836)</u>

**Governmental Activities**

A large part of the District's revenue comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$9,651.99 per funded student for the close of 2023. In fiscal year 2023, the funded pupil count was 1,004. The General Fund also receives operating grants from both federal and state sources that are outside of the (SFA). The District receives local support in the form of mil levy override income. For Fiscal year end 2023, the District received mil levy override income for general operations of \$2,513,254. The Food Service program is included in with other Governmental funds.

The General Fund did not transfer to the Food Service fund. A transfer was not needed since the previous two years all students ate for free and the Federal reimbursement rate was high enough to build up the cash reserve balance. The revenue received from the current year National School Lunch Program in which only qualified students ate for free was \$308,069. This compares to \$685,981 when all students could eat for free in

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

the previous year. The commodity contributions were higher at \$42,295 for fiscal year end 2023 as compared to \$37,160 for fiscal year 2022. Food Service has a cash balance of \$151,619 for fiscal 2023 as compared to \$161,335 at the close of the fiscal year 2022. It is important to note that the Food Service fund is the only fund other than the General fund that has payroll and benefits being deducted from the cash balance.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of a fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,632,217 an increase of \$493,312 in comparison with the prior year. The increase in Fund Balance was primarily due to an original non-budgeted receipt of Forest reserve dollars towards the end of the fiscal year and substantially higher than expected investment earnings due to the high interest rate environment. For expenses, the district had a lower debt service payment as compared to fiscal year 2022 resulting in an increase in fund balance for fiscal year 2023.

Of the total fund balance, approximately 14 percent or \$1,806,018 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted or assigned to indicate that it is not available for new spending because it has already been committed to comply with emergency reserve statutory requirements of \$475,000, pay debt service of \$3,943,435 and to set aside funding for the District's insurance and capital projects totaling \$1,143,262. The District also has non-spendable reserves of \$30,223. The District has an active Master Facility Plan, so the District also has assigned out \$4,850,000 to meet the needs without going to the voters for an additional mil override. The General Fund is the chief operating fund for the District. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$1,806,018 or up \$1,213,275 from the previous year. The increase was the result of one-time unexpected dollars of approximately \$100,000 and moving the committed dollars for the payback of the Lease for the old gym to be accounted for in the Master Facility plan amount that was already established in the assigned amount of \$4,850,000.

The District loses funding from the state every year when the state is required to balance their budget. The Budget Stabilization Factor is used by the state of Colorado to reduce school funding so the state can balance their budget under the Taxpayers Bill of Rights law that was passed in 1992. The District's decrease in this factor in 2023 as compared to 2022 was \$204,140.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
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As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned Fund Balance and Total Fund Balance to Total Fund Expenditures. Unassigned Fund Balance represents 12 percent of total General Fund Expenditures, while Total Fund Balance represents 49 percent of that same amount. This was built up from one-time allowable federal dollars that should never be matched against ongoing payroll and benefits to prepare for unprecedented pay increases for staff in fiscal year 2024. This excluded the administration team for the subsequent fiscal. The district may need to access reserves for ongoing expenditures.

The Debt Service fund has a Total Fund Balance of \$3,943,435 which is an increase of \$175,533 due to a mil certification in December to cover payments in the fiscal year of \$2,413,372. It is recommended that the District hold additional reserves in the Bond Fund to cover unforeseen economic downturns to prevent any default to the bond holders. The most recent sale of the bonds occurred in December of 2018.

### **General Fund Budgetary Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. The General Fund is where the daily operations are accounted for as well as revenue.

### **CAPITAL ASSET ADMINISTRATION**

By the end of 2023, the District has invested \$63,225,359 in capital assets. This compares to \$65,123,147 in 2022 or a decrease of \$1,897,788. The decrease was due to the removal of assets relating to the sale and leaseback of the old gym and the Administration building. There was also an effort to do an inventory of all Capital Assets and remove other items no longer in the district relating to technology and the sale of Chaffee County High School. The Capital Asset totals also include land, buildings, and equipment (including vehicles), which are from governmental activities. Additional information on the District's capital assets can be found in Footnote 4 of this report.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$25,239,906. State statutes limit the amount of general obligation debt a governmental entity may issue to the largest of twenty percent of its assessed value or six percent of its market value. The current debt limitation for the District using the assessed value approach is \$57,075,372 which is significantly in excess of the District's outstanding general obligation debt. Under the actual value approach, the District's debt limit is \$166,490,648. Additional information on the District's long-term debt can be found in Note 6 of this report.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

**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 Business Office, Buena Vista School District R-31, P.O. Box 2027, Buena Vista, Colorado 81211.

## **BASIC FINANCIAL STATEMENTS**

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF NET POSITION

June 30, 2023

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and Investments	\$ 9,906,485
Restricted Cash and Investments	3,822,728
Cash Held with Fiscal Agent	240,240
Taxes Receivable	457,426
Accounts Receivable	64,201
Prepaid Expenses	21,439
Inventories	8,784
Capital Assets, Not Depreciated	1,935,161
Capital Assets, Depreciated, Net of Accumulated Depreciation	60,055,965
Right to Use Assets, Net of Accumulated Amortization	1,234,233
	<hr/>
TOTAL ASSETS	77,746,662
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pensions	4,458,702
Related to OPEB	124,493
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,583,195
<b>LIABILITIES</b>	
Accounts Payable	219,746
Accrued Salaries and Benefits	1,303,440
Accrued Interest Payable	87,637
Unearned Revenue	288,053
Noncurrent Liabilities	
Due Within One Year	1,631,160
Due in More Than One Year	27,449,575
Compensated Absences and Early Retirement	158,554
Net Pension Liability	18,066,444
Net OPEB Liability	615,587
	<hr/>
TOTAL LIABILITIES	49,820,196
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	3,209,369
Related to OPEB	263,138
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	3,472,507
<b>NET POSITION</b>	
Net Investment in Capital Assets	34,218,199
Restricted for Emergencies	475,000
Restricted for Debt Service and Capital Projects	4,263,897
Restricted for Insurance	10,422
Unrestricted	(9,930,364)
	<hr/>
TOTAL NET POSITION	\$ 29,037,154
	<hr/> <hr/>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
<b>Governmental Activities</b>					
Instruction	\$ 10,380,209	\$ -	\$ 825,283	\$ -	\$ (9,554,926)
Supporting Services	9,832,161	399,947	3,284,780	180,554	(5,966,880)
Interest and Fiscal Charges	1,106,578	-	-	-	(1,106,578)
Total Governmental Activities	<u>21,318,948</u>	<u>399,947</u>	<u>4,110,063</u>	<u>180,554</u>	<u>(16,628,384)</u>
GENERAL REVENUES					
Local Property Taxes					10,477,095
Specific Ownership Taxes					1,087,518
State Equalization					3,787,024
Earnings on Investments					<u>202,911</u>
TOTAL GENERAL REVENUES					<u>15,554,548</u>
CHANGE IN NET POSITION					(1,073,836)
NET POSITION, Beginning					<u>30,110,990</u>
NET POSITION, Ending					<u>\$ 29,037,154</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND
<b>ASSETS</b>				
Cash and Investments	\$ 7,932,079	\$ 151,619	\$ -	\$ 320,462
Restricted Cash and Investments	-	-	3,822,728	-
Cash Held at Fiscal Agent	210,545	-	29,695	-
Due From Other Funds	-	-	-	-
Taxes Receivable	347,732	-	109,694	-
Other Receivables	39,800	24,401	-	-
Prepaid Expenditures	21,439	-	-	-
Inventory	-	8,784	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,551,595</b>	<b>\$ 184,804</b>	<b>\$ 3,962,117</b>	<b>\$ 320,462</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 68,630	\$ -	\$ -	\$ -
Due To Other Funds	-	-	-	-
Accrued Salaries and Benefits	1,260,921	42,519	-	-
Unearned Revenue	-	7,704	-	-
<b>TOTAL LIABILITIES</b>	<b>1,329,551</b>	<b>50,223</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenues	59,165	-	18,682	-
<b>FUND BALANCES</b>				
Nonspendable	21,439	8,784	-	-
Restricted for Emergencies	475,000	-	-	-
Restricted for Insurance	10,422	-	-	-
Restricted for Debt Service	-	-	3,943,435	-
Restricted for Capital Projects	-	-	-	320,462
Assigned	4,850,000	125,797	-	-
Unassigned	1,806,018	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>7,162,879</b>	<b>134,581</b>	<b>3,943,435</b>	<b>320,462</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,551,595</b>	<b>\$ 184,804</b>	<b>\$ 3,962,117</b>	<b>\$ 320,462</b>

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

CAPITAL RESERVE FUND	Nonmajor Fund	
	PUPIL ACTIVITIES FUND	TOTAL GOVERNMENTAL FUNDS
\$ 1,243,843	\$ 258,482	\$ 9,906,485
-	-	3,822,728
-	-	240,240
-	-	-
-	-	457,426
-	-	64,201
-	-	21,439
-	-	8,784
<u>\$ 1,243,843</u>	<u>\$ 258,482</u>	<u>\$ 14,521,303</u>

\$ 151,116	\$ -	\$ 219,746
-	-	-
-	-	1,303,440
280,349	-	288,053
<u>431,465</u>	<u>-</u>	<u>1,811,239</u>

-	-	77,847
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-	-	30,223
-	-	475,000
-	-	10,422
-	-	3,943,435
-	-	320,462
812,378	258,482	6,046,657
-	-	1,806,018
<u>812,378</u>	<u>258,482</u>	<u>12,632,217</u>

<u>\$ 1,243,843</u>	<u>\$ 258,482</u>	<u>\$ 14,521,303</u>
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BUENA VISTA SCHOOL DISTRICT NO. R-31

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

Year Ended June 30, 2023

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

Total fund balances of governmental funds	\$ 12,632,217
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, Not Depreciated	1,935,161	
Capital Assets, Depreciated	69,232,730	
Accumulated Depreciation	(9,176,765)	
Right to Use Assets, Amortized	1,477,001	
Accumulated Amortization	<u>(242,768)</u>	63,225,359

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	77,847
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Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(35,448)	
Accrued Interest Payable	(87,637)	
Early Retirement	(196,681)	
Bonds Payable	(27,699,906)	
Bond Premium	(72,909)	
Leases Payable	(1,234,345)	
Net Pension Liability	(18,066,444)	
Net OPEB Liability	<u>(615,587)</u>	(48,008,957)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - Related to Pensions	4,458,702	
Deferred outflows of resources - Related to OPEB	124,493	
Deferred inflows of resources - Related to Pensions	(3,209,369)	
Deferred inflows of resources - Related to OPEB	<u>(263,138)</u>	<u>1,110,688</u>

Net position of governmental activities	<u>\$ 29,037,154</u>
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The accompanying notes are an integral part of the financial statements.

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND
REVENUES				
Local Sources	\$ 9,446,508	\$ 305,123	\$ 2,588,905	\$ 242
State Sources	5,070,804	8,354	-	-
Federal Sources	1,128,120	308,069	-	-
TOTAL REVENUES	15,645,432	621,546	2,588,905	242
EXPENDITURES				
Current				
Instruction	7,625,597	-	-	-
Supporting Services	6,394,325	665,969	-	-
Capital Outlay	381,251	-	-	6,772
Debt Service				
Principal	115,145	-	1,337,729	-
Interest	3,644	-	1,075,643	-
TOTAL EXPENDITURES	14,519,962	665,969	2,413,372	6,772
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,125,470	(44,423)	175,533	(6,530)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	282,741	-	-	-
Transfer Out	(144,000)	-	-	-
Transfer In	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	138,741	-	-	-
NET CHANGE IN FUND BALANCES	1,264,211	(44,423)	175,533	(6,530)
FUND BALANCES, Beginning	5,898,668	179,004	3,767,902	326,992
FUND BALANCES, Ending	\$ 7,162,879	\$ 134,581	\$ 3,943,435	\$ 320,462

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

CAPITAL RESERVE FUND	<u>Nonmajor Fund</u> PUPIL ACTIVITIES FUND	TOTAL GOVERNMENTAL FUNDS
\$ 151,435	\$ 501,626	\$ 12,993,839
108,403	-	5,187,561
-	-	1,436,189
<u>259,838</u>	<u>501,626</u>	<u>19,617,589</u>
-	567,550	8,193,147
93,362	-	7,153,656
2,036,329	-	2,424,352
67,094	-	1,519,968
38,972	-	1,118,259
<u>2,235,757</u>	<u>567,550</u>	<u>20,409,382</u>
(1,975,919)	(65,924)	(791,793)
1,002,364	-	1,285,105
-	-	(144,000)
144,000	-	144,000
<u>1,146,364</u>	<u>-</u>	<u>1,285,105</u>
(829,555)	(65,924)	493,312
<u>1,641,933</u>	<u>324,406</u>	<u>12,138,905</u>
<u>\$ 812,378</u>	<u>\$ 258,482</u>	<u>\$ 12,632,217</u>

BUENA VISTA SCHOOL DISTRICT NO. R-31

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

Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds		\$	493,312
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
Capital Outlay	1,155,171		
Depreciation and Amortization	(2,029,498)		
Loss on Disposal of Assets	<u>(2,308,566)</u>		(3,182,893)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements.			
			8,421
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
Bond Principal Payments	1,337,729		
Lease Principal Payments	182,239		
Amortization of Bond Premium	7,675		
Changes in Accrued Interest Payable	4,006		
Changes in Compensated Absences and Early Retirement	<u>(16,345)</u>		1,515,304
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
Deferred charges related to Pension Plan	(281)		
Deferred charges related to OPEB	<u>92,301</u>		<u>92,020</u>
Change in net position of governmental activities		\$	<u><u>(1,073,836)</u></u>

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

The accounting policies of the Buena Vista School District R-31 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by an elected board of five members. Following is a summary of the more significant policies:

**Reporting Entity**

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

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

**Jointly Governed Organizations**

The District is a participant among three districts in a jointly governed organization to operate the Mountain Board of Cooperative Educational Services (the “BOCES”). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of one board member from each participating member district. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 1713 Mount Lincoln Drive West, Leadville, Colorado, or from their website, <https://www.mtnboces.org/link-to-financial-transparency>

**Government-Wide and Fund Financial Statements**

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

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

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

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

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

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

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

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

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

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

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

The *Food Service Fund* is the fund that accounts for the District food service.

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

The *Capital Projects Fund* is the fund that accounts for activities related to the District's BEST grant project.

The *Capital Reserve Fund* is the fund that accounts for the District's capital projects, other than those accounted for in the Capital Projects Fund.

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

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

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

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

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

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

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

Land Improvements	20 years
Buildings and Improvements	50 years
Vehicles and Equipment	5-20 years

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

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$1,303,440. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees may carry over a maximum of two years of unused vacation leave to the next fiscal year. All outstanding vacation leave is payable upon resignation, termination, retirement, or death.

Employees also earn sick leave and can accumulate up to 90 days. Accumulated sick leave is payable only upon retirement from the District and PERA at 100 percent of the daily substitute teachers per diem rate as specified by the District’s policy. Upon resignation, termination, retirement, or death, any outstanding sick leave is forfeited.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

These compensated absences are expensed when paid in the governmental fund types. A long-term liability in the amount of \$35,448 has been recorded in the government-wide statement of net position for the accrued compensated absences.

Qualified employees are also eligible for payments under the District’s early retirement plan. Early retirement payments are reviewed annually by the Board of Education. Payment schedules for qualified employees are usually spread over five years. The amount of the benefit is based on multiple factors, including the retiring employee’s current salary. A long-term liability in the amount of \$196,681, of which \$73,575 is due during fiscal year 2023-2024, has been recorded in the District’s government-wide statement of net position.

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

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

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

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

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

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances and prepaid expenditures as nonspendable.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District has classified amounts held for insurance, capital projects, and amounts held for debt service as restricted as required by the Colorado Department of Education and bond covenants.
  
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2023.
  
- **Assigned** – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The District has classified portions of the fund balances of the General Fund, Food Service Fund, Capital Reserve Fund, and Pupil Activities Fund as assigned because their use has been designated for a specific purpose by the District.
  
- **Unassigned** – This classification includes the residual fund balance that does not meet any of the above criteria for the General Fund. The Unassigned classification also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**Risk Management**

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

**Subsequent Events**

The District has evaluated events subsequent to the year ended June 30, 2023 through October 20, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

**Budgets**

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

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

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 3: CASH AND INVESTMENTS**

Cash and investments at June 30, 2023 consist of the following:

Deposits	\$ 5,995,944
Investments	<u>7,733,269</u>
Total	<u>\$ 13,729,213</u>

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

Cash and Investments - Unrestricted	\$ 9,906,485
Cash and Investments - Restricted	<u>3,822,728</u>
	<u>\$ 13,729,213</u>

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At June 30, 2023, the District had deposits with financial institutions with a carrying amount of \$5,995,944. The bank balances with the financial institutions were \$6,151,351. Of these balances, \$250,000 was covered by federal depository insurance and \$5,901,351 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

BUENA VISTA SCHOOL DISTRICT R-31  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

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

**Investments**

Interest Rate Risk

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

Credit Risk

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

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

Investments

At June 30, 2023 the District had the following investments:

	Fair Value	Investment Maturity (Years)	
		Less than One Year	One to Five Years
Government Agency Securities	\$ 438,090	\$ 438,090	
Money Markets	204,918	204,918	
Local Government Investments Pools	7,090,261	7,090,261	-
Total	<u>\$ 7,733,269</u>	<u>\$ 7,733,269</u>	<u>\$ -</u>

Local Government Investment Pools

The District had invested \$7,090,261 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**Local Government Investment Pools** (Continued)

money market fund and each share are equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

**Fair Value**

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; Level 3 inputs are significant observable inputs.

At June 30, 2023, the District held investments in U.S. Agency Securities in the amount of \$438,090 with maturity dates of less than one and four years. Given the low risk of this type of investment, the District has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

The District invested \$204,918 in Money Market Mutual Funds. The Funds invest primarily in U.S. Treasury bills, notes, and other U.S. government issued obligations and are rated Aaa-mf by Moody's and AAAM by Standard and Poor's. These investments are valued with Level 1 inputs.

**Restricted Cash**

At June 30, 2023, cash, and investments in the amount of \$3,822,728 is restricted in the Bond Redemption Fund for debt service requirements.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 4: CAPITAL ASSETS**

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 1,701,260	\$ -	\$ 97,393	\$ 1,603,867
Construction in Progress	316,663	331,294	316,663	331,294
Total Capital Assets, Not Depreciated	<u>2,017,923</u>	<u>331,294</u>	<u>414,056</u>	<u>1,935,161</u>
Capital Asset, Being Depreciated				
Land Improvements	2,660,314	-	-	2,660,314
Buildings and Improvements	71,492,788	1,127,940	8,071,495	64,549,233
Equipment	2,163,977	-	140,794	2,023,183
Right to Use Asset	179,296	1,297,705	-	1,477,001
Total Capital Assets, Being Depreciated	<u>76,496,375</u>	<u>2,425,645</u>	<u>8,212,289</u>	<u>70,709,731</u>
Accumulated Depreciation				
Land Improvements	1,276,733	104,524	-	1,381,257
Buildings and Improvements	10,816,624	1,590,235	5,860,322	6,546,537
Equipment	1,245,232	144,533	140,794	1,248,971
Right to Use Asset	52,562	190,206	-	242,768
Total Depreciation	<u>13,391,151</u>	<u>2,029,498</u>	<u>6,001,116</u>	<u>9,419,533</u>
Net Capital Assets, Depreciated	<u>63,105,224</u>	<u>396,147</u>	<u>2,211,173</u>	<u>61,290,198</u>
Net Capital Assets	<u>\$ 65,123,147</u>	<u>\$ 727,441</u>	<u>\$ 2,625,229</u>	<u>\$ 63,225,359</u>

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

<b>Governmental Activities</b>	
Instruction	\$ 1,826,548
Supporting Services	<u>202,950</u>
Total	<u>\$ 2,029,498</u>

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2023:

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
2013 G.O. Bonds	\$ 2,675,000	\$ -	\$ 215,000	\$ 2,460,000	\$ 215,000
2013 Premium	\$ 80,584		\$ 7,675	72,909	
2018 G.O. Bonds	26,362,635	-	1,122,729	25,239,906	1,166,436
Net Pension Liability	14,102,504	3,963,540	-	18,066,044	-
Net OPEB Liability	682,284	-	66,697	615,587	-
Early Retirement	169,074	112,304	84,697	196,681	73,575
Compensated Absences	46,710	-	11,262	35,448	-
<b>Total</b>	<b>\$ 44,118,791</b>	<b>\$ 4,075,844</b>	<b>\$ 1,508,060</b>	<b>\$ 46,686,575</b>	<b>\$ 1,455,011</b>

**2013 General Obligation Bonds**

On February 20, 2013, the District issued General Obligation Bonds, Series 2013, in the amount of \$4,460,000. Proceeds of the bonds were used to finance the cost of acquisition, construction, and equipment improvements at District facilities. The bonds carry interest rates ranging from 2.0% to 3.0%. Semi-annual interest payments are due on June 1 and December 1 of each year. Principal payments on the bonds are due on December 1 through 2033. Payments are made through the District's Bond Redemption Fund. At June 30, 2023, \$2,460,000 was outstanding on these bonds.

Annual debt service requirements on the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 215,000	\$ 66,900	\$ 281,900
2025	220,000	61,450	281,450
2026	230,000	54,700	284,700
2027	235,000	47,725	282,725
2028	240,000	40,600	280,600
2029-2033	1,320,000	96,026	1,416,026
<b>Total</b>	<b>\$ 2,460,000</b>	<b>\$ 367,401</b>	<b>\$ 2,827,401</b>

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**2018 General Obligation Bonds**

On December 6, 2018, the District issued Building Excellent Schools Today (BEST) Matching Money General Obligation Bonds, Series 2018, in the amount of \$29,500,000. Proceeds of the bonds were used to provide matching funds under the terms of the BEST grant award to finance the cost of construction, renovation, and equipment improvements at District’s middle and high school. The bonds carry an interest rate of 3.893 percent. Semi-annual interest payments are due on June 1 and December 1 of each year. Principal payments on the bonds are due on December 1 through 2038. Payments are made through the District’s Bond Redemption Fund. At June 30, 2023, \$25,239,906 was outstanding on these bonds.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,166,436	\$ 959,885	\$ 2,126,321
2025	1,211,846	913,591	2,125,437
2026	1,259,023	865,496	2,124,519
2027	1,308,037	815,529	2,123,566
2028	1,358,959	763,616	2,122,575
2029-2033	7,630,769	2,965,829	10,596,598
2034-2038	9,236,336	1,329,004	10,565,340
2039	2,068,500	40,227	2,108,727
Total	<u>\$ 25,239,906</u>	<u>\$ 8,653,177</u>	<u>\$ 33,893,083</u>

**Early Retirement**

The District has an early retirement plan available for qualified employees. Benefits under the plan are based on a multiple of the difference between the retiring person’s salary and an entry level person’s salary. Payment schedules are negotiated with management by the retiring employee of the District and usually are spread over five years. Early retirement payments are reviewed annually by the Board of Education and are subject to annual appropriation by the Board. At June 30, 2023, the District’s early retirement liability is \$196,681.

Compensated absences in the amount of \$35,448 and early retirement liabilities are expected to be liquidated with revenues of the General Fund.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 6: LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)**

The following is a summary of the District's lease and SBITA transactions for the year ended June 30, 2023:

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
Copier Lease	\$ 80,845	\$ -	\$ 18,194	\$ 62,651	\$ 18,936
Technology Leases	50,634	-	33,579	17,055	17,055
Building Lease	-	1,002,364	67,094	935,270	82,511
Equipment Lease	-	219,129	46,048	173,081	41,659
SBITAs	-	63,612	17,324	46,288	15,988
	<u>\$ 131,479</u>	<u>\$ 1,285,105</u>	<u>\$ 182,239</u>	<u>\$ 1,234,345</u>	<u>\$ 176,149</u>

**Copier Lease Agreements**

On September 23, 2021, the District entered into a copier lease agreement with Marlin. Total lease liability under the lease is \$95,780 and the balance at June 30, 2023 was \$62,651. The interest rate implied in the lease is calculated at 4%. The lease payment schedules require the District to make monthly lease payments of \$1,758 beginning on September 30, 2021 through August 30, 2026.

**Technology Lease Agreements**

Commencing on January 1, 2020, the District entered into a technology lease agreement with Vantage. Total lease liability under the lease was \$126,282 and the balance at June 30, 2023 was \$17,055. The interest rate in the lease is 2.1%. The lease payment schedules require the District to make monthly lease payments of \$2,860, beginning in January 2020 through December 2023.

**Building Lease**

On September 1, 2022, the District entered into a lease purchase agreement with Watershed NP, Inc for a building to be used by the District for Administration offices and as a gym. Total lease liability under the lease is \$1,002,364 and the balance at June 30, 2023 was \$935,270. The interest rate on the lease is 5%. The lease payment schedule requires the District to make monthly lease payments of \$10,607, beginning in September 2022 to August 2033.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 6: LEASES AND SBITAs** (Continued)

**Equipment Lease**

On July 6, 2022, the District entered into an equipment lease agreement with Insight Financial Services, to finance the acquisition of Sophos security and protection equipment. Total lease liability under the lease was \$219,129 and the balance at June 30, 2023 was \$173,081. The interest rate implied in the lease is calculated at 2.5357%. The lease payment schedule requires the District to make annual payments of \$46,048 beginning September 2022 through July 2027.

**SBITAs**

For the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, the District has evaluated its existing agreements and has determined that changes to the District’s financial statements are deemed necessary.

Commencing in July 2022, the District entered into various SBITAs. Total liabilities under these agreements amounted to \$63,612 and the balance at June 30, 2023 was \$46,288. Annual payments totaling between \$7,177 and \$17,324 are due through August 2027.

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

<u>Year Ended June 30,</u>	Principal	Interest
2024	176,149	\$ 52,758
2025	165,730	46,018
2026	162,386	39,214
2027	151,301	32,718
2028	100,698	26,580
2029-2033	<u>478,081</u>	<u>52,246</u>
Total	<u>\$ 1,234,345</u>	<u>\$ 249,534</u>

Total lease and SBITA expense for the year ended June 30, 2023, was \$224,855.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 7: INTERFUND BALANCES AND TRANSFERS**

During the year ended June 30, 2023, the General Fund transferred \$144,000 to the Food Service Fund to support the operations of that fund.

**NOTE 8: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

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

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

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

In all cases the service retirement benefit is limited to 100% of highest average salary and 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. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year,

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contributions provisions as of June 30, 2023:* Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

\*\*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,607,163 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

**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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the District reported a liability of \$18,066,444 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

District's proportionate share of the net pension liability	\$18,066,444
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	5,264,743
Total	\$23,331,187

At December 31, 2022, the District's proportion was 0.0992%, which was a decrease of 0.0220% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$3,492,596 and revenue of \$448,947 for support from the State as a nonemployer contributing entity. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$170,979	\$-
Changes of assumptions or other inputs	320,016	-
Net difference between projected and actual earnings on pension plan investments	2,426,989	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	723,615	3,209,369
Contributions subsequent to the measurement date	817,103	N/A
Total	\$4,458,702	\$3,209,369

\$817,103 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

Year ended June 30,	
2024	(\$728,525)
2025	(803,703)
2026	552,786
2027	1,411,672

*Actuarial assumptions.* The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

The 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:

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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.

BUENA VISTA SCHOOL DISTRICT R-31  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

BUENA VISTA SCHOOL DISTRICT R-31  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$23,642,762	\$18,066,444	\$13,409,649

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

**NOTE 9: DEFINED BENEFIT OTHER 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.

BUENA VISTA SCHOOL DISTRICT R-31  
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**NOTE 9: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**General Information about the OPEB Plan**

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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

*PERA Benefit Structure*

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

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

*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 \$80,437 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$615,587 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9: 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** (Continued)

proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District’s proportion was 0.0754%, which was a decrease of 0.0037% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$11,864). At June 30, 2023, 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	\$80	\$148,870
Changes of assumptions or other inputs	9,894	67,942
Net difference between projected and actual earnings on OPEB plan investments	37,599	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	36,025	46,326
Contributions subsequent to the measurement date	40,895	N/A
<b>Total</b>	<b>\$124,493</b>	<b>\$263,138</b>

\$40,895 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9: 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** (Continued)

Year ended June 30,	
2024	(\$63,662)
2025	(59,830)
2026	(22,967)
2027	(6,365)
2028	(21,586)
Thereafter	(5,130)

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BUENA VISTA SCHOOL DISTRICT R-31  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

**NOTE 9: 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** (Continued)

*Actuarial assumptions.* The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, 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	

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9: 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** (Continued)

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related Morbidity Assumptions**

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and	0.0%	0.0%

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9: 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** (Continued)

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (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.

BUENA VISTA SCHOOL DISTRICT R-31  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9: 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** (Continued)

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, 2021, 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 TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on 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.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9:** **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** (Continued)

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

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

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

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

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

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

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

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

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

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9:**     **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** (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.

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9: 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** (Continued)

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

BUENA VISTA SCHOOL DISTRICT R-31  
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**NOTE 9: 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** (Continued)

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$598,163	\$615,587	\$634,546

<sup>1</sup>For the January 1, 2023, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, 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.

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 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

**NOTE 9**    **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** (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$713,648	\$615,587	\$531,714

*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](http://www.copera.org/investments/pera-financial-reports).

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**BEST Grant**

In December 2018, the District was awarded the Building Excellent Schools Today (BEST) grant in the amount of \$21,362,048. The grant funds were used in conjunction with the \$29,500,000 General Obligation Bonds, Series 2018 to provide funding for the construction, renovation, and equipment improvements at the District's middle and high school.

As of June 30, 2023, substantially all the bond proceeds and BEST grant funds awarded were expended.

**Intergovernmental Agreement**

On July 11, 2017, the District entered into an Intergovernmental Agreement with the Town of Buena Vista for the River Park baseball field construction, joint use, and maintenance. Pursuant to the agreement, the Town has completed construction of a baseball field on the property during the year ended June 20, 2018. Upon completion of the construction and conveyance of the property, the District assumed full maintenance responsibilities of the property.

The District has priority use of the property, and the Town may use the property subject to payment of District fees. The District also agreed to grant the Town a license to install a disc golf course on the property for public use. For the year ended June 30, 2023, no fees were charged to the Town under the terms of the agreement.

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023 significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

BUENA VISTA SCHOOL DISTRICT R-31  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**Tabor Amendment**

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

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

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$475,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 7,539,832	\$ 7,610,034	\$ 7,915,306	\$ 305,272	\$7,414,760
Specific Ownership Taxes	1,000,000	1,000,000	1,087,518	87,518	1,102,389
Tuition	101,720	97,720	96,541	(1,179)	102,692
Earnings on Investments	1,000	50,000	87,848	37,848	7,788
Sales of Property	-	-	-	-	1,239,515
Electric Bus and Charging Station	-	-	-	-	411,283
All Other Local Revenue Codes	49,000	243,259	259,295	16,036	360,729
Total Local Sources	<u>8,691,552</u>	<u>9,001,013</u>	<u>9,446,508</u>	<u>445,495</u>	<u>10,639,156</u>
<b>State Sources</b>					
State Equalization	4,221,677	3,787,079	3,787,024	(55)	3,873,960
Transportation	75,872	76,712	79,666	2,954	77,500
Special Education BOCES	385,072	377,443	397,805	20,362	294,943
Rural Schools Funding	198,892	198,892	198,892	-	176,416
PERA on Behalf Contribution	168,038	475,000	448,947	(26,053)	172,600
All Other State Revenue	168,681	164,033	158,470	(5,563)	116,041
Total State Sources	<u>5,218,232</u>	<u>5,079,159</u>	<u>5,070,804</u>	<u>(8,355)</u>	<u>4,711,460</u>
<b>Federal Sources</b>					
Title I	127,134	125,858	125,858	-	127,134
Title II	24,427	24,465	24,465	-	24,427
ESSER II	-	-	-	-	496,636
ESSER III	514,990	429,841	509,822	79,981	606,340
Medicaid	65,000	53,000	83,038	30,038	53,013
Child Fund	162,337	159,208	161,155	1,947	162,336
Early Childhood Block Grant	-	115,993	116,000	7	14,500
Rural Co Action Grant	-	161,000	91,544	(69,456)	-
Other Federal Sources	16,346	16,114	16,238	124	64,675
Total Federal Sources	<u>910,234</u>	<u>1,085,479</u>	<u>1,128,120</u>	<u>42,641</u>	<u>1,549,061</u>
<b>TOTAL REVENUES</b>	<u>14,820,018</u>	<u>15,165,651</u>	<u>15,645,432</u>	<u>479,781</u>	<u>16,899,677</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	5,385,064	5,657,097	5,295,961	361,136	5,429,316
Employee Benefits	1,895,876	1,886,733	1,907,754	(21,021)	1,905,500
Purchased Services	46,719	228,012	133,918	94,094	203,546
Supplies and Materials	743,659	747,459	274,700	472,759	400,606
Property	394,159	191,721	-	191,721	267,601
Other Objects and Uses	17,660	15,210	13,264	1,946	14,210
Total Instruction	<u>8,483,137</u>	<u>8,726,232</u>	<u>7,625,597</u>	<u>1,100,635</u>	<u>8,220,779</u>

(Continued)

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Students					
Salaries	300,059	308,459	436,872	(128,413)	300,635
Employee Benefits	105,713	106,010	161,470	(55,460)	114,401
Purchased Services	272,739	247,739	284,068	(36,329)	267,401
Supplies and Materials	32,220	32,220	16,001	16,219	17,709
Property	-	-	1,574	(1,574)	-
Total Students	<u>710,731</u>	<u>694,428</u>	<u>899,985</u>	<u>(205,557)</u>	<u>700,146</u>
Instructional Staff					
Salaries	355,333	377,792	343,245	34,547	387,610
Employee Benefits	273,883	602,722	567,428	35,294	311,718
Purchased Services	110,214	100,214	96,657	3,557	259,889
Supplies and Materials	346,151	394,651	295,905	98,746	81,577
Property	199,500	199,500	61,261	138,239	283,727
Total Instructional Staff	<u>1,285,081</u>	<u>1,674,879</u>	<u>1,364,496</u>	<u>310,383</u>	<u>1,324,521</u>
General Administration					
Salaries	245,291	211,291	216,604	(5,313)	244,270
Employee Benefits	91,830	91,412	94,263	(2,851)	91,266
Purchased Services	54,400	61,900	61,415	485	40,948
Supplies and Materials	125,400	106,000	96,148	9,852	87,028
Other Objects and Uses	15,000	15,000	89,898	(74,898)	168,435
Total General Administration	<u>531,921</u>	<u>485,603</u>	<u>558,328</u>	<u>(72,725)</u>	<u>631,947</u>
School Administration					
Salaries	525,363	554,606	514,753	39,853	560,088
Employee Benefits	158,831	199,226	188,956	10,270	179,790
Purchased Services	22,300	22,300	24,775	(2,475)	21,897
Supplies and Materials	16,630	16,630	14,383	2,247	5,902
Total School Administration	<u>723,124</u>	<u>792,762</u>	<u>742,867</u>	<u>49,895</u>	<u>767,677</u>

(Continued)

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	168,241	228,167	220,683	7,484	181,275
Employee Benefits	49,181	63,181	64,328	(1,147)	53,335
Purchased Services	28,200	28,200	25,848	2,352	43,401
Total Business Services	<u>245,622</u>	<u>319,548</u>	<u>310,859</u>	<u>8,689</u>	<u>278,011</u>
Operations and Maintenance					
Salaries	560,608	570,408	548,441	21,967	516,234
Employee Benefits	175,300	175,300	175,728	(428)	184,215
Purchased Services	623,496	694,636	801,409	(106,773)	596,818
Supplies and Materials	123,800	128,800	114,624	14,176	115,532
Property	960	11,691	4,898	6,793	-
Total Operations and Maintenance	<u>1,484,164</u>	<u>1,580,835</u>	<u>1,645,100</u>	<u>(64,265)</u>	<u>1,412,799</u>
Student Transportation					
Salaries	275,368	312,500	324,594	(12,094)	313,867
Employee Benefits	79,927	72,927	85,354	(12,427)	81,250
Purchased Services	130,042	133,142	95,195	37,947	94,153
Supplies and Materials	86,358	86,358	81,286	5,072	85,691
Property	85,000	-	(5,329)	5,329	443,371
Total Student Transportation	<u>656,695</u>	<u>604,927</u>	<u>581,100</u>	<u>23,827</u>	<u>1,018,332</u>
Central Support					
Salaries	102,000	230,952	209,403	21,549	113,915
Employee Benefits	3,731	34,022	41,600	(7,578)	9,571
Purchased Services	117,137	112,137	96,519	15,618	228,650
Property	265,869	216,538	325,319	(108,781)	316,460
Total Central Support	<u>488,737</u>	<u>593,649</u>	<u>672,841</u>	<u>(79,192)</u>	<u>668,596</u>

(Continued)

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
Debt Service					
Principal	36,806	39,347	115,145	(75,798)	547,353
Interest	-	6,700	3,644	3,056	145,491
Total Debt Service	<u>36,806</u>	<u>46,047</u>	<u>118,789</u>	<u>(72,742)</u>	<u>692,844</u>
Total Supporting Services	<u>6,162,881</u>	<u>6,792,678</u>	<u>6,894,365</u>	<u>(101,687)</u>	<u>7,494,873</u>
RESERVES					
Contingency	<u>475,000</u>	<u>5,363,681</u>	<u>-</u>	<u>5,363,681</u>	<u>-</u>
TOTAL RESERVES	<u>475,000</u>	<u>5,363,681</u>	<u>-</u>	<u>5,363,681</u>	<u>-</u>
TOTAL EXPENDITURES	<u>15,121,018</u>	<u>20,882,591</u>	<u>14,519,962</u>	<u>6,362,629</u>	<u>15,715,652</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(301,000)</u>	<u>(5,716,940)</u>	<u>1,125,470</u>	<u>6,842,410</u>	<u>1,184,025</u>
OTHER FINANCING SOURCES (USES)					
Lease and SBITA Proceeds	-	207,825	282,741	74,916	95,780
Transfers In (Out)	<u>(174,000)</u>	<u>(174,000)</u>	<u>(144,000)</u>	<u>30,000</u>	<u>(1,099,063)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(174,000)</u>	<u>33,825</u>	<u>138,741</u>	<u>104,916</u>	<u>(1,003,283)</u>
CHANGE IN FUND BALANCE	(475,000)	(5,683,115)	1,264,211	6,947,326	180,742
FUND BALANCES, Beginning	<u>5,950,739</u>	<u>5,898,668</u>	<u>5,898,668</u>	<u>-</u>	<u>5,717,926</u>
FUND BALANCES, Ending	<u>\$ 5,475,739</u>	<u>\$ 215,553</u>	<u>\$ 7,162,879</u>	<u>\$ 6,947,326</u>	<u>\$ 5,898,668</u>

(Continued)

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
FOOD SERVICE FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Local Sources					
Charges for Services	\$ 45,000	\$ 153,000	\$ 303,406	\$ 150,406	\$ 59,137
Other	1,000	1,000	1,717	717	3,694
State and Federal Sources					
School Lunches	425,000	317,000	180,094	(136,906)	912
School Breakfast	114,000	114,000	53,517	(60,483)	-
Summer Option	-	-	-	-	627,302
Commodities	35,000	35,000	42,294	7,294	37,160
Supply Chain Assistance	-	-	32,164	32,164	20,607
Other Federal Sources	500	500	-	(500)	-
Other State Sources	10,000	10,000	8,354	(1,646)	3,660
<b>TOTAL REVENUES</b>	<b>630,500</b>	<b>630,500</b>	<b>621,546</b>	<b>(8,954)</b>	<b>752,472</b>
<b>EXPENDITURES</b>					
Supporting Services					
Salaries	207,500	292,500	233,791	58,709	241,571
Benefits	79,596	84,596	81,443	3,153	82,014
Purchased Services	100	100	107	(7)	-
Food	331,304	361,304	301,869	59,435	355,596
Other Supplies	42,000	42,000	48,759	(6,759)	48,910
Contingency	-	23,123	-	23,123	-
<b>TOTAL EXPENDITURES</b>	<b>660,500</b>	<b>803,623</b>	<b>665,969</b>	<b>137,654</b>	<b>728,091</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(30,000)</b>	<b>(173,123)</b>	<b>(44,423)</b>	<b>128,700</b>	<b>24,381</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers In	30,000	30,000	-	(30,000)	10,020
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(143,123)</b>	<b>(44,423)</b>	<b>98,700</b>	<b>34,401</b>
FUND BALANCES, Beginning	25,000	179,004	179,004	-	144,603
FUND BALANCES, Ending	\$ 25,000	\$ 35,881	\$ 134,581	\$ 98,700	\$ 179,004

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

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

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0992%	0.1212%	0.1339%	0.1136%	0.1169%	0.1335%	0.1365%	0.1390%	0.1373%	0.1376%
Proportionate Share of the Net Pension Liability (Asset)	\$ 18,066,444	\$ 14,102,504	\$ 20,246,385	\$ 16,964,003	\$ 20,691,295	\$ 43,162,416	\$ 40,641,589	\$ 21,263,422	\$ 18,616,976	\$ 17,556,591
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	5,264,743	1,616,672	-	2,151,668	2,829,247	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 23,331,187	\$ 15,719,176	\$ 20,246,385	\$ 19,115,671	\$ 23,520,542	\$ 43,162,416	\$ 40,641,589	\$ 21,263,422	\$ 18,616,976	\$ 17,556,591
Covered payroll	\$ 7,650,856	\$ 7,573,551	\$ 7,160,369	\$ 6,672,263	\$ 6,424,056	\$ 6,157,230	\$ 6,126,405	\$ 6,058,831	\$ 5,754,421	\$ 5,550,212
Proportionate Share of the Net Pension Liability as a Percentage Of its Covered Payroll	236.1%	186.2%	282.8%	254.25%	322.09%	701.00%	663.38%	350.95%	323.52%	316.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 1,607,163	\$ 1,524,771	\$ 1,459,873	\$ 1,334,228	\$ 1,146,993	\$ 1,185,076	\$ 1,184,687	\$ 1,149,204	\$ 1,062,788	\$ 954,090
Contributions in Relation to the Contractually Required Contributions	1,607,163	1,524,771	1,459,873	1,334,228	1,146,993	1,185,076	1,184,687	1,149,204	1,062,788	954,090
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,885,962	\$ 7,669,862	\$ 7,343,419	\$ 6,884,552	\$ 5,995,777	\$ 6,275,429	\$ 6,106,207	\$ 6,128,996	\$ 5,940,481	\$ 5,612,829
Contributions as a Percentage of Covered Payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	19.40%	18.75%	17.89%	17.00%

BUENA VISTA SCHOOL DISTRICT NO. R-31

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

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0754%	0.0791%	0.0774%	0.0742%	0.0760%	0.0758%	0.0776%
Proportionate Share of the Net OPEB Liability (Asset)	<u>\$ 615,587</u>	<u>\$ 682,284</u>	<u>\$ 735,765</u>	<u>\$ 834,070</u>	<u>\$1,033,404</u>	<u>\$ 985,650</u>	<u>\$1,005,959</u>
Covered payroll	\$7,650,856	\$7,573,551	\$7,160,369	\$6,672,263	\$6,424,056	\$6,157,230	\$6,126,405
Proportionate Share of the Net OPEB Liability As a Percentage of its Covered Payroll	8.0%	9.0%	10.3%	12.50%	16.09%	16.01%	16.42%
Plan Fiduciary Net position as a Percentage Of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

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

	Years Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 80,437	\$ 78,233	\$ 74,903	\$ 70,222	\$ 61,157	\$ 64,009	\$ 62,283
Contributions in Relation to the Contractually Required Contributions	80,437	78,233	74,903	70,222	61,157	64,009	62,283
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,885,962	\$ 7,669,862	\$ 7,343,419	\$ 6,884,552	\$ 5,995,777	\$ 6,275,429	\$ 6,106,207
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

**INDIVIDUAL FUND SCHEDULES**

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
BOND REDEMPTION FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 2,406,872	\$ 2,363,372	\$ 2,474,085	\$ 110,713	\$ 2,489,398
Earnings on Investments	6,500	50,000	114,820	64,820	8,010
TOTAL REVENUES	<u>2,413,372</u>	<u>2,413,372</u>	<u>2,588,905</u>	<u>175,533</u>	<u>2,497,408</u>
EXPENDITURES					
Contingency	-	2,484,918	-	2,484,918	-
Debt Service					
Principal	1,337,729	1,337,729	1,337,729	-	1,285,659
Interest	1,075,643	1,075,643	1,075,643	-	1,127,782
TOTAL EXPENDITURES	<u>2,413,372</u>	<u>4,898,290</u>	<u>2,413,372</u>	<u>2,484,918</u>	<u>2,413,441</u>
CHANGE IN FUND BALANCE	-	(2,484,918)	175,533	2,660,451	83,967
FUND BALANCE, Beginning	<u>3,628,413</u>	<u>3,767,902</u>	<u>3,767,902</u>	<u>-</u>	<u>3,683,935</u>
FUND BALANCE, Ending	<u>\$ 3,628,413</u>	<u>\$ 1,282,984</u>	<u>\$ 3,943,435</u>	<u>\$ 2,660,451</u>	<u>\$ 3,767,902</u>

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Local Sources					
Earnings on Investments	\$ -	\$ 100	\$ 242	\$ 142	\$ 15
State Sources					
BEST Grant	-	-	-	-	36,233
<b>TOTAL REVENUES</b>	<b>-</b>	<b>100</b>	<b>242</b>	<b>142</b>	<b>36,248</b>
<b>EXPENDITURES</b>					
Supporting Services					
Property	121,598	121,598	6,772	114,826	137,890
Other Objects and Uses	-	199,900	-	199,900	6,411
<b>TOTAL EXPENDITURES</b>	<b>121,598</b>	<b>321,498</b>	<b>6,772</b>	<b>314,726</b>	<b>144,301</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(121,598)</b>	<b>(321,398)</b>	<b>(6,530)</b>	<b>314,868</b>	<b>(108,053)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In		199,900	-	(199,900)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>199,900</b>	<b>-</b>	<b>(199,900)</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(121,598)</b>	<b>(121,498)</b>	<b>(6,530)</b>	<b>114,968</b>	<b>(108,053)</b>
FUND BALANCE, Beginning	121,598	326,992	326,992	-	435,045
FUND BALANCE, Ending	\$ -	\$ 205,494	\$ 320,462	\$ 114,968	\$ 326,992

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
CAPITAL RESERVE FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Local Sources					
Earnings on Investments	\$ -	\$ 5	\$ 1	\$ (4)	\$ 29
School Impact Fee	30,000	34,000	79,283	45,283	30,237
Contributions	-	330,000	49,651	(280,349)	-
Other	-	22,500	22,500	-	30,000
State Sources					
State Grants	-	101,000	108,403	7,403	61,692
<b>TOTAL REVENUES</b>	<b>30,000</b>	<b>487,505</b>	<b>259,838</b>	<b>(227,667)</b>	<b>121,958</b>
<b>EXPENDITURES</b>					
Supporting Services					
Purchased Services	30,000	80,005	51,418	28,587	229,539
Supplies and Materials	-	80,000	41,944	38,056	7,658
Property	1,751,218	2,941,379	2,036,329	905,050	207,626
Debt Service					
Principal	-	66,000	67,094	(1,094)	-
Interest	-	41,000	38,972	2,028	-
<b>TOTAL EXPENDITURES</b>	<b>1,781,218</b>	<b>3,208,384</b>	<b>2,235,757</b>	<b>972,627</b>	<b>444,823</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,751,218)</b>	<b>(2,720,879)</b>	<b>(1,975,919)</b>	<b>744,960</b>	<b>(322,865)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Proceeds	-	1,000,000	1,002,364	2,364	-
Transfers In	144,000	144,000	144,000	-	1,089,043
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>144,000</b>	<b>1,144,000</b>	<b>1,146,364</b>	<b>2,364</b>	<b>1,089,043</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(1,607,218)</b>	<b>(1,576,879)</b>	<b>(829,555)</b>	<b>747,324</b>	<b>766,178</b>
FUND BALANCE, Beginning	1,751,218	1,641,932	1,641,933	1	875,755
FUND BALANCE, Ending	\$ 144,000	\$ 65,053	\$ 812,378	\$ 747,325	\$ 1,641,933

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BUDGETARY COMPARISON SCHEDULE  
PUPIL ACTIVITIES FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Local Sources					
Other	\$ 593,000	\$ 717,000	\$ 501,626	\$ (215,374)	\$ 450,678
<b>TOTAL REVENUES</b>	<b>593,000</b>	<b>717,000</b>	<b>501,626</b>	<b>(215,374)</b>	<b>450,678</b>
<b>EXPENDITURES</b>					
Instruction					
Purchased Services	-	-	-	-	5,558
Materials and Supplies	-	-	-	-	202,486
Other Objects and Uses	593,000	717,000	567,550	149,450	239,111
<b>TOTAL EXPENDITURES</b>	<b>593,000</b>	<b>717,000</b>	<b>567,550</b>	<b>149,450</b>	<b>447,155</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(65,924)</b>	<b>(65,924)</b>	<b>3,523</b>
FUND BALANCE, Beginning	367,000	324,406	324,406	-	320,883
FUND BALANCE, Ending	<u>\$ 367,000</u>	<u>\$ 324,406</u>	<u>\$ 258,482</u>	<u>\$ (65,924)</u>	<u>\$ 324,406</u>

See the accompanying independent auditor's report.



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0490 - Buena Vista R-31  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>							
10 General Fund	5,867,743		15,534,173		14,270,898		7,131,018
18 Risk Mgmt Sub-Fund of General Fund	30,925		250,000		249,064		31,861
19 Colorado Preschool Program Fund	0		0		0		0
<b>Sub- Total</b>	<b>5,898,668</b>		<b>15,784,173</b>		<b>14,519,962</b>		<b>7,162,880</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	179,004		621,546		665,969		134,581
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	324,406		501,626		567,550		258,482
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	3,767,902		2,588,906		2,413,372		3,943,435
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	326,992		242		6,771		320,462
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	1,641,932		1,406,202		2,235,756		812,377
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>12,138,904</b>		<b>20,902,694</b>		<b>20,409,381</b>		<b>12,632,217</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>FINAL</b>							<b>0</b>

## **COMPLIANCE**



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

Board of Education  
Buena Vista School District R-31  
Buena Vista, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista School District R-31 ( the “District”) as of and for the year ended June 30, 2023, 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 20, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*PB Solutions LLC*

Littleton, Colorado  
October 20, 2023



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

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

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

Board of Education  
Buena Vista School District R-31  
Buena Vista, Colorado

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

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

We have audited the Buena Vista School District R-31’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*PB Solutions LLC*

Littleton, Colorado  
October 20, 2023

BUENA VISTA SCHOOL DISTRICT R-31  
Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity's Identification Number	Total Federal Expenditures	
<u>U. S. Department of Education</u>				
<i>Passed-Through the Colorado Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	4010	125,858	
Supporting Effective Instruction State Grants, Title II, Part A	84.367	4367	24,465	
Student Support and Academic Enrichment Program	84.424A	4424	10,000	
Education Stabilization Fund - COVID	84.425U	4414	<u>509,822</u>	
<i>Total Passed-Through the Colorado Department of Education</i>			<u>670,145</u>	
<i>Passed-Through Lake County School District</i>				
Education Stabilization Fund - COVID	84.425U	4429	<u>91,544</u>	
<i>Passed-Through the Mountain Board of Cooperative Educational Services</i>				
Special Education Preschool Grants	(3) 84.173	4173	4,957	
Special Education Grants to States	(3) 84.027	4027	<u>161,155</u>	
<i>Total Passed-Through the Mountain Board of Cooperative Educational Services</i>			166,112	
Total U.S. Department of Education			<u>927,801</u>	
<u>U. S. Department of Health and Human Services</u>				
<i>Passed-Through the Colorado Office of Early Childhood Department of Human Services</i>				
Child Care Block Grant	(2)	93.575	7575	116,000
<u>U. S. Department of Agriculture</u>				
<i>Passed-Through the Colorado Department of Education</i>				
National School Lunch Program - COVID 19	(1)	10.555	6555	32,164
School Breakfast Program	(1)	10.553	4553	53,518
National School Lunch Program	(1)	10.555	4555	180,094
State Pandemic Electronic Benefit Transfer - COVID 19		10.649	4649	1,281
<i>Passed-Through the Colorado Department of Human Services Food Distribution</i>				
Commodity Supplemental Food Program	(1)	10.555	none	<u>42,295</u>
Total U.S. Department of Agriculture			<u>309,352</u>	
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,353,153</u></b>	
(1) Part of the Child Nutrition Cluster, total Cluster expenditures		308,071		
(2) Part of the CCDF Cluster, total Cluster expenditures		116,000		
(3) Part of Special Education Cluster (IDEA), total Cluster expenditures		166,112		

See the accompanying independent auditor's report.

BUENA VISTA SCHOOL DISTRICT R-31  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District. The Schedule includes federally funded amounts of pass-through awards received by the District through the State of Colorado. The information this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule represents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in position or cash flows of the District.
2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. The District has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2022, the District did not pass through any federal funds to subrecipients.
4. For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
5. Commodities donated to the Organization by the U.S. Department of Agriculture (USDA) are valued based on the USDA's Donated Commodity Price List. The commodities are recognized as revenue when received. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The Organization recognized noncash awards of \$42,295 for the year ended June 30, 2023.

BUENA VISTA SCHOOL DISTRICT R-31

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2023

**Section I - Summary of Auditor's Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was: Unmodified
2. The independent auditor's report on internal control over financial reported disclosed:  
  
Significant deficiency(ies)?                      \_\_\_\_\_ Yes      \_\_\_X\_ None Reported  
Material weakness(es)?                              \_\_\_\_\_ Yes      \_\_\_X\_ No
3. Noncompliance considered material to the financial statements was disclosed by the audit:                      \_\_\_\_\_ Yes      \_\_\_X\_ No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:  
  
Significant deficiency(ies)?                      \_\_\_\_\_ Yes      \_\_\_X\_ None Reported  
Material weakness(es)?                              \_\_\_\_\_ Yes      \_\_\_X\_ No
5. The opinions expressed in the independent auditor's report on compliance for major federal award programs were: Unmodified
6. The audit disclosed findings required to be reported by section 2 CFR §200.516(a)?                      \_\_\_\_\_ Yes      \_\_\_X\_ No
7. The Organization's major programs were:  
  

<u>Name of federal program</u>	<u>CDFA Number</u>
Education Stabilization Fund	84.425U
8. Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000
9. The Organization qualified as low-risk auditee:                      \_\_\_\_\_ Yes        X   No

BUENA VISTA SCHOOL DISTRICT R-31

Schedule Findings and Questioned Costs  
For the year ended June 30, 2023

**Section II – Financial Statement Findings**

No findings noted.

**Section III – Federal Award Findings**

No findings noted.