

**PEYTON SCHOOL DISTRICT 23JT
PEYTON, 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
Peyton School District 23JT
Peyton, 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 Peyton School District 23JT (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 Peyton School District 23JT 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 47-54 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.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024, 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
February 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023

The discussion and analysis of Peyton School District 23JT's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

- For the current year ended June 30, 2023, the net position of the District is (\$1,923,125), a decrease of \$493,820. Please note that the net position also includes PERA's unfunded liabilities and the post-employment health care trust fund liabilities over which the District has no control.
- As of the close of the 2022-23 fiscal year, the District's governmental funds reported combined ending fund balances of \$2,123,927. This represents a decrease of \$715,129 from the previous year.

Using the Basic Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

The District's total net position was (\$1,923,125) as of June 30, 2023.

The District's Governmental net position decreased by \$493,820 from 2022-2023. This is primarily due to the change in the Long-Term Pension (PERA) and OPEB related costs. The district's liabilities for governmental activities, including long term debt and net pension liability, exceeds assets, including capital assets (land, buildings, and equipment), in fiscal year 2022-2023 by \$1,923,125 (deficit net position). The deficit is a result of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net liability on the Statement of Net Position beginning the 2014-2015 fiscal year. More information on GASB Statement 68 can be found in the notes to the financial statements.

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

The District's total net position was (\$1,923,125) as of June 30, 2023. The District has a negative unrestricted net position of \$7,847,123. This is a result of the inclusion of the PERA and OPEB liabilities and related deferred inflows and deferred outflows of resources reported as described in the Notes to the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023

Government-Wide Financial Statements

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

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

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

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

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

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

	<u>Governmental Activities</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>
Cash and Investments	\$ 2,944,910.00	\$ 2,989,409.00
Restricted Cash and Investments	\$ 313,757.00	\$ 594,732.00
Other Assets	\$ 431,940.00	\$ 883,919.00
Capital Assets, Net	\$ 6,553,604.00	\$ 6,629,609.00
Right to Use Assets, Net	\$ 123,339.00	\$ 164,452.00
Total Assts	<u>\$ 10,367,550.00</u>	<u>\$ 11,262,121.00</u>
Defered Outflow of Resources	<u>\$ 2,523,536.00</u>	<u>\$ 2,231,492.00</u>
Current Liabilities	\$ 1,542,004.00	\$ 1,604,963.00
Accrued Interest	\$ 1,747.00	\$ 2,348.00
Noncurrent Liabilities	\$ 11,846,012.00	\$ 9,437,894.00
Total Liabilities	<u>\$ 13,389,763.00</u>	<u>\$ 11,045,205.00</u>
Deferred Inflow of Resources	<u>\$ 1,424,448.00</u>	<u>\$ 3,877,713.00</u>
Net Position		
Net Investment in Capital Assets	\$ 5,732,001.00	\$ 5,298,837.00
Restricted	\$ 899,608.00	\$ 1,118,981.00
Unrestricted	\$ (8,554,734.00)	\$ (7,847,123.00)
Total Net Position	\$ (1,923,125.00)	\$ (1,429,305.00)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023

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

	Governmental Activities	
	6/30/2023	6/30/2022
Program Revenue:		
Charges for Services	\$ 177,941.00	\$ 390,029.00
Operating Grants and Contributions	\$ 2,164,060.00	\$ 1,593,040.00
Capital Grants	\$ 242,645.00	\$ -
Total Program Revenue	\$ 2,584,646.00	\$ 1,983,069.00
General Revenue:		
Local Property Taxes	\$ 1,808,041.00	\$ 1,851,678.00
Specific Ownership Taxes	\$ 202,437.00	\$ 188,744.00
State Equalization	\$ 4,692,304.00	\$ 4,293,272.00
Investment Earnings	\$ 96,777.00	\$ 8,593.00
Other	\$ 155,584.00	\$ 32,642.00
Total General Revenue	\$ 6,955,143.00	\$ 6,374,929.00
Total Revenue	\$ 9,539,789.00	\$ 8,357,998.00
Expenses:		
Instruction	\$ 5,486,484.00	\$ 2,678,233.00
Supporting Services	\$ 4,535,850.00	\$ 2,818,590.00
Interest and Fiscal Charges	\$ 11,275.00	\$ 25,736.00
Total Expenses	\$ 10,033,609.00	\$ 5,522,559.00
Increase (Decrease) in Net Position	\$ (493,820.00)	\$ 2,835,439.00
Begging Net Position	\$ (1,429,305.00)	\$ (4,264,744.00)
Ending Net Position	\$ (1,923,125.00)	\$ (1,429,305.00)

Reporting the District's Most Significant Funds

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

The relationship between the governmental activities in the governmental-wide statements (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023

The analysis of the District's major funds begins on page 3. Fund financial reports provide detailed information about the District's major funds. The District's governmental funds consist of the General, Bond Redemption, and Capital Projects. The General Fund accounts for the majority of the District's instruction and support operations. The Capital Projects Fund account for the District's capital needs. The Bond Redemption Fund accounts for the repayment of the District's bonded debt.

Fund Financial Statements

As of June 30, 2023, the District's governmental funds reported a combined fund balance of \$2,123,927 which is a decrease of \$715,129 from the June 30, 2022 balance. The following is additional information by the fund which contributed to the change.

General Fund fund balance decreased \$423,517 from 2022 to 2023. Overall, General Fund revenues increased by \$514,854, however the district made an effort to correct our salary schedule and in turn increased our related expenses of instruction by \$625,794 and supporting services expenses increased by \$211,573 which contributed to the decreased fund balance this year.

The Capital Project Fund Balance decreased by \$5,394.

Bond Redemption Fund fund balance decreased by \$285,746. The District no longer collects mill levy and using the bond redemption fund reserves to make the final payment on its bonds.

General Fund Budgetary Highlights

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

The district's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a sound fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs.

For the fiscal year ended June 30, 2023, general fund revenues were \$256,750 lower than budgeted due to mid-year student count being lower than originally forecasted at the beginning of the year. In addition, various grant funds were budgeted higher than what was received.

General Fund expenditures were \$3000 lower than budgeted due to concerted efforts by the maintenance and transportation departments to find cost effective options when possible without sacrificing quality for the district.

The BOE passed an amended budget resolution in January 2023 in the amount of \$9,798,587

Capital Assets

As of June 30, 2023 the District had \$6,676,943 invested in a broad range of capital assets, including buildings and improvements, transportation and other equipment. The District reports total additions to capital assets in the amount of \$274,423 and depreciation and amortization expense of \$376,541 with \$15,000 loss on disposal. More information can be found on page 17 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023

The discussion and analysis of Peyton School District 23JT's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

- For the current year ended June 30, 2023, the net position of the District is (\$1,923,125), a decrease of \$493,820. Please note that the net position also includes PERA's unfunded liabilities and the post-employment health care trust fund liabilities over which the District has no control.
- As of the close of the 2022-23 fiscal year, the District's governmental funds reported combined ending fund balances of \$2,123,927. This represents a decrease of \$715,129 from the previous year.

Using the Basic Financial Statements

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Financial Analysis of the District as a Whole

The District's total net position was (\$1,923,125) as of June 30, 2023.

The District's Governmental net position decreased by \$493,820 from 2021-2022. This is primarily due to the spend down of fund balances in the governmental funds. The district's liabilities for governmental activities, including long term debt and net pension liability, exceeds assets, including capital assets (land, buildings, and equipment), in fiscal year 2022-2023 by \$1,923,125 (deficit net position). The deficit is a result of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net liability on the Statement of Net Position beginning the 2014-2015 fiscal year. More information on GASB Statement 68 can be found in the notes to the financial statements.

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

The District's total net position was (\$1,923,125) as of June 30, 2023. The District has a negative unrestricted net position of \$8,554,734. This is a result of the inclusion of the PERA and OPEB liabilities and related deferred inflows and deferred outflows of resources reported as described in the Notes to the Financial Statements.

BASIC FINANCIAL STATEMENTS

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF NET POSITION
June 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 2,944,910
Restricted Cash and Investments	313,757
Cash Held with County Treasurer	38,531
Taxes Receivable	64,679
Accounts Receivable	324,399
Inventories	4,331
Capital Assets, Depreciated, Net of Accumulated Depreciation	6,553,604
Right to Use Assets, Net of Accumulated Amortization	123,339
	<hr/>
TOTAL ASSETS	10,367,550
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	2,447,893
Related to OPEB	75,643
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,523,536
	<hr/>
LIABILITIES	
Accounts Payable	123,044
Accrued Salaries and Benefits	800,665
Unearned Revenue	618,295
Accrued Interest Payable	1,747
Noncurrent Liabilities	
Due Within One Year	375,627
Due in More Than One Year	567,568
Compensated Absences	141,792
Net Pension Liability	10,406,278
Net OPEB Liability	354,747
	<hr/>
TOTAL LIABILITIES	13,389,763
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,292,191
Related to OPEB	132,257
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	1,424,448
	<hr/>
NET POSITION	
Net Investment in Capital Assets	5,732,001
Restricted	899,608
Unrestricted	(8,554,734)
	<hr/>
TOTAL NET POSITION	\$ (1,923,125)
	<hr/> <hr/>

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

PEYTON SCHOOL DISTRICT 23JT

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					
Governmental Activities					
Instruction	\$ 5,486,484	\$ 177,941	\$ 373,520	\$ -	\$ (4,935,023)
Supporting Services	4,535,850	-	1,790,540	242,645	(2,502,665)
Interest and Fiscal Charges	11,275	-	-	-	(11,275)
Total Governmental Activities	<u>10,033,609</u>	<u>177,941</u>	<u>2,164,060</u>	<u>242,645</u>	<u>(7,448,963)</u>
GENERAL REVENUES					
					1,808,041
					202,437
					4,692,304
					155,584
					<u>96,777</u>
					<u>6,955,143</u>
					(493,820)
					<u>(1,429,305)</u>
					<u>\$ (1,923,125)</u>

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

PEYTON SCHOOL DISTRICT 23JT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 2,713,924	\$ -	\$ -	\$ 230,986	\$ 2,944,910
Restricted Cash and Investments	-	313,757	-	-	313,757
Cash Held at County Treasurer	38,531	-	-	-	38,531
Due From Other Funds	79,196	-	-	-	79,196
Taxes Receivable	64,679	-	-	-	64,679
Other Receivables	207,603	-	116,796	-	324,399
Inventory	-	-	-	4,331	4,331
TOTAL ASSETS	\$ 3,103,933	\$ 313,757	\$ 116,796	\$ 235,317	\$ 3,769,803
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 85,835	\$ -	\$ 37,209	-	\$ 123,044
Due To Other Funds	-	-	79,196	-	79,196
Accrued Salaries and Benefits	782,321	-	-	18,344	800,665
Unearned Revenues	618,295	-	-	-	618,295
TOTAL LIABILITIES	1,486,451	-	116,405	18,344	1,621,200
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenues	24,676	-	-	-	24,676
FUND BALANCES					
Nonspendable	-	-	-	4,331	4,331
Restricted for Emergencies	276,288	-	-	-	276,288
Restricted for Mill Levy Override	309,563	-	-	-	309,563
Restricted for Debt Service	-	313,757	-	-	313,757
Committed for Fund Purpose	-	-	391	27,889	28,280
Assigned	-	-	-	184,753	184,753
Unassigned	1,006,955	-	-	-	1,006,955
TOTAL FUND BALANCES	1,592,806	313,757	391	216,973	2,123,927
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,103,933	\$ 313,757	\$ 116,796	\$ 235,317	\$ 3,769,803

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2023

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

Total fund balances of governmental funds			\$ 2,123,927
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Depreciated	14,784,567	
	Accumulated Depreciation	(8,230,963)	
	Right to Use Assets	309,492	
	Accumulated Amortization	<u>(186,153)</u>	6,676,943
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.			24,676
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bonds Payable	(300,000)	
	COPs Payable	(475,000)	
	Leases Payable	(168,195)	
	Accrued Interest Payable	(1,747)	
	Compensated Absences	(141,792)	
	Net Pension Liability	(10,406,278)	
	Net OPEB Liability	<u>(354,747)</u>	(11,847,759)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	2,447,893	
	Deferred outflows of resources - Related to OPEB	75,643	
	Deferred inflows of resources - Related to Pensions	(1,292,191)	
	Deferred inflows of resources - Related to OPEB	<u>(132,257)</u>	<u>1,099,088</u>
Net position of governmental activities			<u>\$ (1,923,125)</u>

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

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 2,341,123	\$ 16,054	\$ 1,875	\$ 297,504	\$ 2,656,556
State Sources	5,612,667	-	-	2,830	5,615,497
Federal Sources	582,279	-	242,645	85,574	910,498
TOTAL REVENUES	8,536,069	16,054	244,520	385,908	9,182,551
EXPENDITURES					
Current					
Instruction	5,074,151	-	-	-	5,074,151
Supporting Services	3,647,714	-	27	386,380	4,034,121
Capital Outlay	97,721	-	292,234	-	389,955
Debt Service					
Principal	-	290,000	74,485	-	364,485
Interest	-	11,800	23,168	-	34,968
TOTAL EXPENDITURES	8,819,586	301,800	389,914	386,380	9,897,680
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(283,517)	(285,746)	(145,394)	(472)	(715,129)
OTHER FINANCING SOURCES (USES)					
Transfer Out	(140,000)	-	-	-	(140,000)
Transfer In	-	-	140,000	-	140,000
TOTAL OTHER FINANCING SOURCES (USES)	(140,000)	-	140,000	-	-
NET CHANGE IN FUND BALANCES	(423,517)	(285,746)	(5,394)	(472)	(715,129)
FUND BALANCES, Beginning	2,016,323	599,503	5,785	217,445	2,839,056
FUND BALANCES, Ending	\$ 1,592,806	\$ 313,757	\$ 391	\$ 216,973	\$ 2,123,927

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds \$ (715,129)

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	274,423	
Depreciation and Amortization	(376,541)	
Loss on Disposal of Assets	<u>(15,000)</u>	(117,118)

Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.

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Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.

Bond Principal Payments	290,000	
COPs Principal Payments	45,000	
Leases Principal Payments	29,485	
Amortization of Bond Premium	22,379	
Changes in Accrued Interest Payable	1,314	
Changes in Compensated Absences	<u>23,938</u>	412,116

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	(120,981)	
Deferred charges related to OPEB	<u>46,657</u>	<u>(74,324)</u>

Change in net position of governmental activities \$ (493,820)

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

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

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

Assets, Liabilities, and Fund Balance/Net Position

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

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

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure. On June 30, 2023, the District reports \$618,295 in unearned revenues, which is related to unspent grant funds.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$800,665. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are not limited to the amount of accumulated leave that can be carried to the next fiscal year. Upon termination of employment, employees are entitled to receive compensation for up to fifty accrued but not used sick days at \$50 per day. These compensated absences are recorded when paid in the governmental fund types. A long-term liability in the amount of \$141,792 has been recorded in the government-wide financial statements for the accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

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

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

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District reports restricted fund balances in the General Fund for Mill Levy Override Funds. The fund balance of the Bond Redemption Fund is restricted to comply with debt service covenants.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District reports the fund balance in the Food Service Fund and Capital Projects Fund as committed resources for the respective fund purpose.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

- **Assigned** – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balance of the Student Activity Fund as assigned because its use has been designated for a specific purpose by the District.

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

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

Risk Management

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

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

Subsequent Events

The District has evaluated events subsequent to the year ended June 30, 2023 through February 19, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

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

State Compliance

At June 30, 2023, actual expenditures in the Food Service Fund exceeded budgeted amounts by \$3,388. This may be a violation of state statute.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3: CASH AND INVESTMENTS

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

Petty Cash	\$	100
Deposits		2,757,051
Investments		<u>501,516</u>
Total	\$	<u>3,258,667</u>

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

Cash and Investments - Unrestricted	\$	2,944,910
Cash and Investments - Restricted		<u>313,757</u>
	\$	<u>3,258,667</u>

Deposits

Custodial Credit Risk – Deposits

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

On June 30, 2023, the District had deposits with financial institutions with a carrying amount of \$2,757,051. The bank balances with the financial institutions were \$3,046,487. Of these balances, \$250,000 was covered by federal depository insurance and \$2,796,487 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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

Local Government Investment Pools

The District had invested \$501,516 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash

On June 30, 2023, cash in the amount of \$313,757 is restricted in the Bond Redemption Fund to comply with debt service requirements.

NOTE 4: CAPITAL ASSETS

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Capital Asset, Being Depreciated				
Buildings and Improvements	13,187,018	148,574	120,000	13,215,592
Vehicles and Equipment	1,443,126	125,849	-	1,568,975
Right to Use Asset	309,492	-	-	309,492
Total Capital Assets, Being Depreciated	<u>14,939,636</u>	<u>274,423</u>	<u>120,000</u>	<u>15,094,059</u>
Accumulated Depreciation				
Buildings and Improvements	7,100,571	266,953	105,000	7,262,524
Vehicles and Equipment	899,964	68,475	-	968,439
Right to Use Asset	145,040	41,113	-	186,153
Total Depreciation	<u>8,145,575</u>	<u>376,541</u>	<u>105,000</u>	<u>8,417,116</u>
Net Capital Assets	<u>\$ 6,794,061</u>	<u>\$ (102,118)</u>	<u>\$ 15,000</u>	<u>\$ 6,676,943</u>

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

Governmental Activities	
Instruction	\$ 177,743
Supporting Services	<u>198,798</u>
Total	<u>\$ 376,541</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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

General Obligation Bonds, Series 2011

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due in One Year
Series 2011 GO Bonds	\$ 590,000		\$ 290,000	\$ 300,000	\$ 300,000
Series 2011 Certificates of Participation	520,000	-	45,000	475,000	45,000
PERA Pension Liability	7,574,915	2,831,363	-	10,406,278	-
OPEB Liability	366,477	-	11,730	354,747	-
Compensated Absences	165,730	-	23,938	141,792	-
Total Long-Term Obligations	\$ 9,217,122	\$ 2,831,363	\$ 370,668	\$ 11,677,817	\$ 345,000
Unamortized Bond Premiums	\$ (23,092)	\$ -	\$ (23,092)	\$ -	\$ -

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

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 300,000	\$ 6,000	\$ 306,000

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Certificate of Participation, Series 2017

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

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

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

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

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

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 45,000	\$ 14,253	\$ 59,253
2025	50,000	12,757	62,757
2026	50,000	11,183	61,183
2027	50,000	9,608	59,608
2028	50,000	8,033	58,033
2029-2032	230,000	14,805	244,805
Total	<u>\$ 475,000</u>	<u>\$ 70,639</u>	<u>\$ 545,639</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: LEASES

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

	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Due In</u> <u>One Year</u>
HVAC Lease	\$ 40,750	\$ -	\$ 9,543	\$ 31,207	\$ 9,926
LED Lease	156,930	-	19,942	136,988	20,701
Total	<u>\$197,680</u>	<u>\$ -</u>	<u>\$ 29,485</u>	<u>\$168,195</u>	<u>\$ 30,627</u>

HVAC System Lease

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

LED Lights Lease

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

The following is a summary of the debt service requirements for the leases:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	30,627	6,582	\$ 37,209
2025	31,850	5,359	37,209
2026	33,302	3,907	37,209
2027	23,218	2,807	26,025
2028	24,113	1,912	26,025
2029	25,085	940	26,025
Total	<u>\$ 168,195</u>	<u>\$ 21,507</u>	<u>\$ 189,702</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: INTERFUND BALANCES AND TRANSFERS

During the year ended June 30, 2023, the General Fund transferred \$140,000 to the Capital Projects Fund to cover the cost of capital expenditures.

At June 30, 2023, the Capital Projects Fund owes \$79,196 to the General Fund for expenditures paid by the General Fund on its behalf.

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.

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:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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, 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the Pension Plan (Continued)

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

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

Contributions provisions as of June 30, 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%
Total employer contribution rate to the SCHDTF	20.38%

**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 to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$915,270 for the year ended June 30, 2023.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the Pension Plan (Continued)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 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 \$10,406,278 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 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	\$10,406,278
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	3,032,494
Total	\$13,438,772

At December 31, 2022, the District's proportion was 0.00571%, which was a decrease of 0.007% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,036,251 and revenue of \$258,593 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	\$98,484	\$-
Changes of assumptions or other inputs	184,329	-
Net difference between projected and actual earnings on pension plan investments	1,397,947	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	316,025	1,292,191
Contributions subsequent to the measurement date	451,108	N/A
Total	\$2,447,893	\$1,292,191

\$451,108 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:

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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	(\$259,928)
2025	(239,239)
2026	390,638
2027	813,123

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 ¹	Financed by the AIR

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

The 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:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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%
Total	100.00%	

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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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)

- 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.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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)

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	\$13,618,239	\$10,406,278	\$7,723,962

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.

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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the OPEB Plan

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 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 \$45,808 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 \$354,747 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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)

Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District’s 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 0.0434%, which was an increase of 0.0009% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$949). 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	\$46	\$85,790
Changes of assumptions or other inputs	5,702	39,153
Net difference between projected and actual earnings on OPEB plan investments	21,667	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	25,651	7,314
Contributions subsequent to the measurement date	22,577	N/A
Total	\$75,643	\$132,257

\$22,577 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:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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	(\$33,099)
2025	(30,002)
2026	(9,321)
2027	1,926
2028	(7,023)
Thereafter	(1,672)

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PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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	

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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%

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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)

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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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)

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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE 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)

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%
Total	100.00 %	

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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)

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 ¹	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	\$344,706	\$354,747	\$365,673

¹For 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.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE 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	\$411,257	\$354,747	\$306,413

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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 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.

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 \$276,288 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

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

In November 2017, the District's voters approved an election question which authorizes the District to retain and spend excess revenues from any source collected during the 2017-2018 fiscal year and for five years thereafter, ending with the 2022-2023 fiscal year. The excess revenues have been used to recruit and retain high quality teachers and support staff and renovate and remodel existing educational facilities to extend its useful life.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

Jointly Governed Organizations

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

For the year ended June 30, 2023, the District received \$67,663 in grant funds from BOCES and paid \$101,335 to BOCES for services.

Peyton-Widefield Vocational Education Partnership (PWVEP)

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

During the fiscal year ended June 30, 2022, the District decided to no longer participate in the vocational education services program with Widefield School District and terminated the agreement. On June 26, 2023, the District and Widefield School District negotiated the following terms in regard to the payment of partnership assets: Widefield School District will make a cash payment to the District in the total amount of \$1,125,000. The amount is to be paid in three annual installments of \$375,000, beginning on September 30, 2023 through 2025.

NOTE 11: **DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$1,923,125 due to the District including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

NOTE 12: **CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). 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 no changes to the District's financial statements are deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 1,398,940	\$ 1,403,481	\$ 1,803,042	\$ 399,561	\$ 1,714,431
Specific Ownership Taxes	131,629	133,705	202,437	68,732	188,744
Earnings on Investments	7,315	44,000	83,212	39,212	7,240
Tuition from Individuals	2,000	3,000	5,747	2,747	8,230
Tuition from Other Districts/BOCES	400,000	41,000	106,339	65,339	213,673
Grants and Donations	15,400	2,225	1,653	(572)	7,159
All Other Local Revenue Codes	22,844	59,352	138,693	79,341	32,429
Total Local Sources	<u>1,978,128</u>	<u>1,686,763</u>	<u>2,341,123</u>	<u>654,360</u>	<u>2,171,906</u>
State Sources					
State Equalization	4,705,024	4,685,089	4,692,304	7,215	4,293,272
Small Rural Schools	267,723	673,542	289,129	(384,413)	87,075
Early Literacy Grant	-	47,907	65,256	17,349	135,114
Exceptional Children's Educational Act	127,000	127,000	-	(127,000)	29,130
Counselor Corp Grant	175,300	199,545	123,848	-	-
Transportation	87,067	83,919	87,246	3,327	92,871
PERA On Behalf Revenue	-	-	258,593	258,593	92,709
CDE Mitigation	-	-	-	-	90,695
All Other State Revenue	194,435	271,875	96,291	(175,584)	238,511
Total State Sources	<u>5,556,549</u>	<u>6,088,877</u>	<u>5,612,667</u>	<u>(400,513)</u>	<u>5,059,377</u>
Federal Sources					
Title I	68,226	68,226	84,915	16,689	68,918
Title IIA	16,638	16,638	-	(16,638)	17,214
Title IV	10,000	10,000	10,000	-	7,367
Title VIII Impact Aid	-	-	-	-	-
Carl Perkins Grant	134,000	134,000	35,802	(98,198)	127,731
Education Stabilization Grants	549,774	752,007	362,061	(389,946)	475,117
All Other Federal Revenue	-	36,308	89,501	53,193	93,585
Total Federal Sources	<u>778,638</u>	<u>1,017,179</u>	<u>582,279</u>	<u>(434,900)</u>	<u>789,932</u>
TOTAL REVENUES	<u>8,313,315</u>	<u>8,792,819</u>	<u>8,536,069</u>	<u>(256,750)</u>	<u>8,021,215</u>
EXPENDITURES					
Instruction					
Salaries	2,735,693	2,950,653	2,999,992	(49,339)	2,846,657
Employee Benefits	825,676	847,345	1,107,705	(260,360)	886,859
Purchased Services	427,223	723,931	634,814	89,117	409,453
Supplies and Materials	248,053	242,417	322,732	(80,315)	348,821
Property	204,455	178,159	71,836	106,323	9,760
Other Objects and Uses	7,000	7,000	8,908	(1,908)	18,643
Total Instruction	<u>4,448,100</u>	<u>4,949,505</u>	<u>5,145,987</u>	<u>(196,482)</u>	<u>4,520,193</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Student Services					
Salaries	492,192	277,912	315,116	(37,204)	341,516
Employee Benefits	130,883	76,265	66,156	10,109	83,461
Purchased Services	6,130	12,970	33,930	(20,960)	26,471
Supplies and Materials	7,571	4,411	3,407	1,004	4,550
Property	-	-	-	-	-
Other Objects and Uses	250	250	-	250	469
Total Students	<u>637,026</u>	<u>371,808</u>	<u>418,609</u>	<u>(46,801)</u>	<u>456,467</u>
Instructional Staff					
Salaries	50,201	38,973	23,252	15,721	54,562
Employee Benefits	17,329	9,156	5,214	3,942	16,795
Purchased Services	7,200	7,200	1,017	6,183	757
Supplies and Materials	9,000	9,000	4,098	4,902	10,071
Property	2,500	2,500	1,178	1,322	4,717
Total Instructional Staff	<u>86,230</u>	<u>66,829</u>	<u>34,759</u>	<u>32,070</u>	<u>86,902</u>
General Administration					
Salaries	220,351	108,396	156,673	(48,277)	272,850
Employee Benefits	54,089	37,577	37,567	10	76,578
Purchased Services	231,312	226,280	181,002	45,278	101,969
Supplies and Materials	7,300	6,300	17,583	(11,283)	8,421
Property	6,813	5,813	1,374	4,439	1,886
Other Objects and Uses	14,630	14,630	9,304	5,326	11,300
Total General Administration	<u>534,495</u>	<u>398,996</u>	<u>403,503</u>	<u>(4,507)</u>	<u>473,004</u>
School Administration					
Salaries	373,083	414,843	394,502	20,341	271,861
Employee Benefits	109,064	124,096	113,190	10,906	73,727
Purchased Services	28,462	28,462	43,607	(15,145)	34,075
Supplies and Materials	10,000	7,300	15,737	(8,437)	9,881
Property	38,240	3,240	50	3,190	-
Other Objects and Uses	1,120	1,120	-	1,120	3,055
Total School Administration	<u>559,969</u>	<u>579,061</u>	<u>567,086</u>	<u>11,975</u>	<u>392,599</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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 Administration					
Salaries	175,806	186,519	227,173	(40,654)	174,573
Employee Benefits	69,707	70,793	54,611	16,182	64,860
Purchased Services	385,715	326,280	271,503	54,777	328,535
Supplies and Materials	2,500	2,500	4,828	(2,328)	4,463
Property	-	-	1,583	(1,583)	12,159
Total Business Services	<u>633,728</u>	<u>586,092</u>	<u>559,698</u>	<u>26,394</u>	<u>584,590</u>
Operations and Maintenance					
Salaries	297,364	336,838	394,484	(57,646)	295,271
Employee Benefits	99,814	95,713	101,339	(5,626)	90,974
Purchased Services	123,496	74,076	75,015	(939)	54,595
Supplies and Materials	283,461	255,461	292,769	(37,308)	339,041
Property	14,900	14,800	20,356	(5,556)	2,014
Other Objects and Uses	200	200	-	200	-
Total Operations and Maintenance	<u>819,235</u>	<u>777,088</u>	<u>883,963</u>	<u>(106,875)</u>	<u>781,895</u>
Student Transportation					
Salaries	350,505	357,634	398,933	(41,299)	307,643
Employee Benefits	97,821	97,924	90,654	7,270	81,492
Purchased Services	20,150	20,150	11,185	8,965	20,250
Supplies and Materials	129,500	129,500	115,126	14,374	101,593
Property	16,250	16,250	2,927	13,323	5,600
Other Objects and Uses	1,500	1,500	419	1,081	-
Total Student Transportation	<u>615,726</u>	<u>622,958</u>	<u>619,244</u>	<u>3,714</u>	<u>516,578</u>
Central Support					
Salaries	2,885	4,502	-	4,502	10,200
Employee Benefits	42	65	-	65	2,080
Purchased Services	164,558	164,558	173,309	(8,751)	157,531
Property	-	-	13,428	(13,428)	-
Total Central Support	<u>167,485</u>	<u>169,125</u>	<u>186,737</u>	<u>(17,612)</u>	<u>169,811</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
Total Supporting Services	<u>4,053,894</u>	<u>3,571,957</u>	<u>3,673,599</u>	<u>(101,642)</u>	<u>3,461,846</u>
TOTAL EXPENDITURES	<u>8,501,994</u>	<u>8,521,462</u>	<u>8,819,586</u>	<u>(298,124)</u>	<u>7,982,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(188,679)</u>	<u>271,357</u>	<u>(283,517)</u>	<u>(554,874)</u>	<u>39,176</u>
OTHER FINANCING (USES)					
Transfers Out	<u>(314,401)</u>	<u>(441,124)</u>	<u>(140,000)</u>	<u>301,124</u>	<u>(337,250)</u>
TOTAL OTHER FINANCING (USES)	<u>(314,401)</u>	<u>(441,124)</u>	<u>(140,000)</u>	<u>301,124</u>	<u>(337,250)</u>
CHANGE IN FUND BALANCE	<u>(503,080)</u>	<u>(169,767)</u>	<u>(423,517)</u>	<u>(253,750)</u>	<u>(298,074)</u>
FUND BALANCES, Beginning	<u>2,314,397</u>	<u>2,314,397</u>	<u>2,016,323</u>	<u>(298,074)</u>	<u>2,314,397</u>
FUND BALANCES, Ending	<u>\$ 1,811,317</u>	<u>\$ 2,144,630</u>	<u>\$ 1,592,806</u>	<u>\$ (551,824)</u>	<u>\$ 2,016,323</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0571%	0.0651%	0.0715%	0.0626%	0.0642%	0.0740%	0.0763%	0.0762%	0.0731%	0.0720%
Proportionate Share of the Net Pension Liability (Asset)	\$ 10,406,278	\$ 7,574,915	\$ 10,804,670	\$ 9,348,022	\$ 11,364,471	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	3,032,494	868,367	-	1,185,678	1,553,932	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 13,438,772	\$ 8,443,282	\$ 10,804,670	\$ 10,533,700	\$ 12,918,403	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
Covered payroll	\$ 4,408,995	\$ 4,068,001	\$ 3,823,022	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	236.0%	186.2%	282.6%	257.8%	366.13%	701.00%	735.61%	375.39%	323.52%	310.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

PEYTON SCHOOL DISTRICT 23JT

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	\$ 915,270	\$ 849,935	\$ 772,210	\$ 754,041	\$ 674,972	\$ 635,922	\$ 559,735	\$ 538,232	\$ 502,886	\$ 459,595
Contributions in Relation to the Contractually Required Contributions	915,270	849,935	772,210	754,041	674,972	635,922	559,735	538,232	502,886	459,595
State of Colorado Proportionate Share of the Net Pension Liability (Asset) Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability (Asset) Covered Payroll	\$ 4,491,012	\$ 4,275,320	\$ 3,884,363	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
	20.38%	19.88%	19.88%	19.36%	19.13%	18.63%	18.13%	17.33%	16.43%	15.53%

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0434%	0.0425%	0.0413%	0.0403%	0.0417%	0.0420%	0.0434%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 354,747	\$ 366,477	\$ 392,835	\$ 453,317	\$ 567,586	\$ 546,419	\$ 562,143
Covered payroll	\$ 4,408,995	\$ 4,068,001	\$ 3,823,022	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.05%	9.01%	10.28%	12.50%	16.09%	16.01%	18.21%
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.

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 45,808	\$ 43,608	\$ 39,621	\$ 39,726	\$ 35,989	\$ 34,817	\$ 31,491
Contributions in Relation to the Contractually Required Contributions	45,808	43,608	39,621	39,726	35,989	34,817	31,491
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,491,012	\$ 4,275,320	\$3,884,363	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditor's report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PEYTON SCHOOL DISTRICT 23JT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
ASSETS			
Cash and Investments	\$ 46,233	\$ 184,753	\$ 230,986
Inventory	4,331	-	4,331
TOTAL ASSETS	\$ 50,564	\$ 184,753	\$ 235,317
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	18,344	-	18,344
TOTAL LIABILITIES	18,344	-	18,344
FUND EQUITY			
Fund Balance			
Nonspendable	4,331	-	4,331
Committed for Fund Purpose	27,889	-	27,889
Assigned	-	184,753	184,753
TOTAL FUND EQUITY	32,220	184,753	216,973
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,564	\$ 184,753	\$ 235,317

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
REVENUES			
Local Sources	\$ 82,746	\$ 214,758	\$ 297,504
State Sources	2,830	-	2,830
Federal Sources	85,574	-	85,574
	<u>171,150</u>	<u>214,758</u>	<u>385,908</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Supporting Services	220,523	165,857	386,380
	<u>220,523</u>	<u>165,857</u>	<u>386,380</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	(49,373)	48,901	(472)
FUND BALANCES, Beginning	<u>81,593</u>	<u>135,852</u>	<u>217,445</u>
FUND BALANCES, Ending	<u>\$ 32,220</u>	<u>\$ 184,753</u>	<u>\$ 216,973</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 FOOD SERVICE FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ 52,000	\$ 53,150	\$ 65,855	\$ 12,705	\$ 2,414
Other	1,400	1,400	16,891	15,491	213
State and Federal Sources					
School Lunches	53,000	57,628	63,609	5,981	210,650
Supply Chain Assistance	-	22,000	21,965	(35)	13,263
School Summer Food	-	30,674	-	(30,674)	-
Commodity Donations	12,500	12,500	-	(12,500)	10,912
State Match	1,200	820	2,830	2,010	2,602
TOTAL REVENUES	120,100	178,172	171,150	(7,022)	240,054
EXPENDITURES					
Salaries	71,576	84,000	90,413	(6,413)	68,394
Benefits	16,355	19,194	22,975	(3,781)	15,189
Purchased Services	1,200	1,000	4,113	(3,113)	4,698
Food	64,800	91,864	88,868	2,996	89,748
Other Supplies	4,500	9,000	13,840	(4,840)	11,647
Property	3,000	3,000	-	3,000	6,700
Other Objects and Uses	600	9,077	314	8,763	1,048
TOTAL EXPENDITURES	162,031	217,135	220,523	(3,388)	197,424
CHANGE IN FUND BALANCE	(41,931)	(38,963)	(49,373)	(10,410)	42,630
FUND BALANCES, Beginning	38,963	38,963	81,593	42,630	38,963
FUND BALANCES, Ending	\$ (2,968)	\$ -	\$ 32,220	\$ 32,220	\$ 81,593

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 STUDENT ACTIVITY FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ 165,712
Grants and Donations	145,000	145,000	214,758	69,758	-
TOTAL REVENUES	145,000	145,000	214,758	69,758	165,712
EXPENDITURES					
Supporting Services					
Materials and Supplies	145,000	145,000	165,857	(20,857)	174,544
Contingency	144,684	144,684	-	144,684	-
TOTAL EXPENDITURES	289,684	289,684	165,857	123,827	174,544
CHANGE IN FUND BALANCE	(144,684)	(144,684)	48,901	193,585	(8,832)
FUND BALANCE, Beginning	144,684	144,684	135,852	(8,832)	144,684
FUND BALANCE, Ending	\$ -	\$ -	\$ 184,753	\$ 184,753	\$ 135,852

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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	\$ 50,130	\$ 6,870	\$ 4,364	\$ (2,506)	\$ 138,976
Earnings on Investments	2,000	6,000	11,690	5,690	1,189
TOTAL REVENUES	52,130	12,870	16,054	3,184	140,165
EXPENDITURES					
Debt Service					
Principal	290,000	290,000	290,000	-	275,000
Interest	17,800	18,100	11,800	6,300	29,100
Contingency	507,768	304,481	-	304,481	-
TOTAL EXPENDITURES	815,568	612,581	301,800	310,781	304,100
CHANGE IN FUND BALANCE	(763,438)	(599,711)	(285,746)	313,965	(163,935)
FUND BALANCE, Beginning	763,438	599,711	599,503	(208)	763,438
FUND BALANCE, Ending	\$ -	\$ -	\$ 313,757	\$ 313,757	\$ 599,503

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Earnings on Investments	\$ 501	\$ 501	\$ 1,875	\$ 1,374	\$ 164
Federal Sources					
Federal Revenue	-	-	242,645	242,645	-
TOTAL REVENUES	501	501	244,520	244,019	164
EXPENDITURES					
Supporting Services					
Purchased Services	1,500	100	27	73	-
Property	312,522	273,652	292,234	(18,582)	356,076
Debt Service					
Principal	81,024	81,024	74,485	6,539	73,114
Interest	19,856	19,856	23,168	(3,312)	26,184
Contingency	23,745	72,777	-	72,777	-
TOTAL EXPENDITURES	438,647	447,409	389,914	57,495	455,374
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(438,146)	(446,908)	(145,394)	301,514	(455,210)
OTHER FINANCING SOURCES					
Transfers In	314,401	441,124	140,000	(301,124)	337,250
CHANGE IN FUND BALANCE	(123,745)	(5,784)	(5,394)	390	(117,960)
FUND BALANCE, Beginning	123,745	5,784	5,785	1	123,745
FUND BALANCE, Ending	\$ -	\$ -	\$ 391	\$ 391	\$ 5,785

See the accompanying independent auditor's report.



Colorado Department of Education
Auditors Integrity Report
 District: 1060 – Peyton 23 Jt
 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
Governmental						
10 General Fund	2,016,323		8,396,071	8,819,589		1,592,805
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	2,016,323		8,396,071	8,819,589		1,592,805
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	81,593		171,150	220,523		32,220
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	135,852		214,758	165,857		184,753
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	599,503		16,054	301,800		313,757
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	5,784		384,520	389,914		390
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	2,899,055		9,182,553	9,897,683		2,123,926
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0
FINAL						0

COMPLIANCE



**PROSPECTIVE
BUSINESS
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Certified Public Accountants

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

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

Board of Education
Peyton School District 23JT
Peyton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peyton School District 23JT (the "District") as of and for the year ended June 30, 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 February 19, 2024.

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
February 19, 2024



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

Board of Education
Peyton School District 23JT
Peyton, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Peyton School District 23 JT's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the 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
February 19, 2024

PEYTON SCHOOL DISTRICT 23JT
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN	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	84,915
Title I Grants to Local Educational Agencies	84.010A	5010	8,445
Career and Technical Education - Basic Grants to States	84.048	4048	35,802
Special Education Grants to States (2)	84.027	4027	19,838
Rural Education Initiatives	84.358	4358	36,308
Student Support and Academic Enrichment Program	84.424	4424	10,000
Education Stabilization Fund - COVID 19	84.425U	4414	301,801
Education Stabilization Fund - COVID 19	84.425D	4420	2,059
Education Stabilization Fund - COVID 19	84.425C	6425	<u>300,846</u>
Total U.S. Department of Education			<u>800,014</u>
<u>U. S. Department of Health and Human Services</u>			
<i>Passed-Through the Colorado Department of Human Services Office of Early Childhood</i>			
Child Care and Development Block Grant (3)	93.575	7575	<u>24,910</u>
<u>U. S. Department of Agriculture</u>			
<i>Passed-Through the Colorado Department of Education</i>			
National School Lunch Program (1)	10.555	4555	62,981
Seamless Summer Option (SSO) - COVID 19 (1)	10.555	6555	21,965
State Pandemic EBT - COVID 19	10.649	4649	<u>628</u>
Total U.S. Department of Agriculture			<u>85,574</u>
Total Expenditures of Federal Awards			<u>\$ 910,498</u>

(1) Part of the Child Nutrition Cluster, total Cluster expenditures 84,946
(2) Part of Special Education Cluster, total Cluster expenditures 19,838
(3) Part of 477 Cluster, total Cluster expenditures 24,910

PEYTON SCHOOL DISTRICT 23JT
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, 2023, 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 \$0 for the year ended June 30, 2023.

PEYTON SCHOOL DISTRICT 23JT

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.