

**MOUNTAIN VALLEY SCHOOL DISTRICT RE-1
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Mountain Valley School District RE-1
Saguache, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain Valley School District RE-1, of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mountain Valley School District RE-1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Mountain Valley School District RE-1 as of June 30, 2023, and the respective changes in financial position 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. 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 Mountain Valley School District RE-1 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 opinion.

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; this includes 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 Mountain Valley School District RE-1'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.

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Auditor's Responsibilities for the Audit of 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 opinion. 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 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, including omissions, 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 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 of 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 Mountain Valley School District RE-1'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 Mountain Valley School District RE-1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison of the general fund and grants fund, and pension and other postemployment benefits information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Mountain Valley School District RE-1's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and the Colorado School District's Auditor's Integrity Report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the Colorado School District's Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole

A handwritten signature in cursive script that reads "Gumm + Associates LLC". The signature is written in black ink and is positioned above the typed text.

Fort Collins, Colorado
April 17, 2024

Management's Discussion and Analysis

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

As management of Mountain Valley School District, we offer readers of the Mountain Valley School District's financial statements this narrative overview and analysis of the financial activities of the Mountain Valley School District for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

Financial Highlights 2023

- Total net position as of June 30, 2022 was 26,045,469. Total Net Position as of June 30, 2023 was 25,976,219 a decrease of \$69,250.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,533,466 or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$906,513 of total revenues.
- The District had \$4,509,229 in expenses related to governmental activities; \$906,513 these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,533,466 provided for these programs.
- Revenue in the Food Service Fund from charges for services and operating grants and contributions was not sufficient to cover expenses in the 2023 fiscal year and was subsidized by the General Fund.

Overview of the Financial Statements

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

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

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

District-wide Financial Statements

The District-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Mountain Valley School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of Mountain Valley School District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)

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

Both of the District-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Included in governmental activities are most of the District's basic services such as regular and special education, transportation, administration, and the food service program.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant, or "major" funds, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Mountain Valley School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the District-wide statements, additional schedules explain the relationship (or differences) between them.

Mountain Valley School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the (1) General Fund which includes PreSchool Fund, (2) Food Service Fund, (3) Governmental Designated Purpose Grants Fund, (4) Building Fund, (5) Debt Service Fund, and (6) Student Activity Fund.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes other budget-to-actual information as dictated by State law.

District-wide Financial Analysis

Government-wide Analysis:

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories, and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives about 75% of the annual property tax assessment in the first half of the calendar year.

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)

Capital Assets are used in the operation of the District. These assets are land, buildings and improvements, machinery and equipment, and vehicles. Capital assets are discussed in greater detail in the section title, Capital Assets and Long-Term Debt, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets, or new resources that become available during fiscal year 2021. Long-term liabilities such as long-term debt obligations and compensated absences payable, will be liquidated from resources that will become available after fiscal year 2023. A comparative analysis is provided.

Table I
Statement of Net Position
June 30, 2022 and 2023

| | Governmental Activities 2022 | Governmental Activities 2023 |
|---|---|---|
| Assets | | |
| Current Assets | \$ 3,683,192 | \$ 3,908,104 |
| Capital Assets | 29,668,878 | 29,082,698 |
| Total Assets | 33,352,070 | 32,990,802 |
| Deferred Outflows of Resources | | |
| Pensions | 851,187 | 989,098 |
| OPEB | 13,495 | 29,343 |
| Total Deferred Outflows of Resources | 864,682 | 1,018,441 |
| Liabilities | | |
| Other Liabilities | 566,737 | 629,693 |
| Long-term Liab. | 5,940,866 | 6,867,270 |
| Total Liabilities | 6,507,603 | 7,496,963 |
| Deferred Inflows of Resources | | |
| Unavailable Revenue-Property Tax | 77,984 | - |
| Pensions | 1,539,039 | 489,633 |
| OPEB | 46,657 | 46,428 |
| Total Deferred Inflows of Resources | 1,663,680 | 536,061 |
| Net Position | | |
| Net Investment in Capital Assets | 26,506,440 | 26,072,384 |
| Restricted for TABOR | 617,818 | 100,000 |
| Restricted for Preschool | - | 69,529 |
| Other | - | 193,187 |
| Restricted for Debt Service | - | 367,578 |
| Unrestricted | (1,078,789) | (826,459) |
| Total Net Position | \$ 26,045,469 | \$ 25,976,219 |

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)

Table II provides a summary of the changes in net position. The following table is a specific discussion related to overall revenues and expenses.

Table II
Condensed Statement of Changes in Net Position
Fiscal Year 2022 and 2023

| Revenues | Governmental Activities 2022 | Governmental Activities 2023 |
|---|---|---|
| Program Revenues: | | |
| Charges for Services | \$ - | \$ 39,780 |
| Oper. Grants & Contributions | 1,825,651 | 866,733 |
| Capital Grants & Contributions | - | - |
| General Revenues: | | |
| Property and Other Taxes | 1,076,063 | 1,434,181 |
| State Equalization | 1,782,883 | 1,997,159 |
| Investment | 5,228 | 102,126 |
| Other | 66 | - |
| Total Revenues | 4,689,891 | 4,439,979 |
| Expenses | | |
| Instructional Program | 1,695,128 | 2,128,471 |
| Student Support Services | 373,792 | 406,594 |
| Instr. Staff Support Services | 186,668 | 323,279 |
| Gen. Admin. Support Services | 256,109 | 325,862 |
| Sch. Admin. Support Services | 92,867 | 147,714 |
| Business Support Services | 100,323 | 87,316 |
| O&M of Plant Services | 255,933 | 400,557 |
| Student Trans. Services | 141,380 | 216,529 |
| Central Support Services | 103,527 | 131,942 |
| Food Services | 142,429 | 235,587 |
| Interest on Long-term Debt | 110,450 | 105,378 |
| Total Expenses | 3,458,606 | 4,509,229 |
| Change in Position | 1,231,285 | (69,250) |
| Net Position - Beginning of Year | 24,814,184 | 26,045,469 |
| Net Position - End of Year | \$ 26,045,469 | \$ 25,976,219 |

In the previous year, property taxes and per pupil state formula revenue (state equalization) accounted for most of the District's revenue, contributing about 80%. Normally State and Federal grants and private partnership grants contribute about 20% of revenue. Normally interest on investments, other sources, and miscellaneous contribute the remaining 1%.

In fiscal year 2023, the revenue percentage of property taxes and state equalization is 80%, grants 19%, and all other 1%.

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)

The District expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Mountain Valley School District is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

The effect of the PERA pension and OPEB on the District's total net position for the Fiscal Year 2022 and 2023 is summarized below:

| | Fiscal Year 2022 | Fiscal Year 2023 |
|---|-------------------------|-------------------------|
| Net Position (GAAP Basis) | \$26,045,496 | \$25,976,219 |
| GASB 68-Pension | 3,417,833 | 3,382,950 |
| GASB 75- OPEB | 165,239 | 148,907 |
| Net Position Excluding Pension and OPEB | \$29,628,568 | \$29,508,076 |

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

| | Fiscal Year 2022 | Fiscal Year 2023 |
|---|-------------------------|-------------------------|
| Net Position (GAAP Basis) | \$(1,078,789) | \$(826,459) |
| GASB 68-Pension | 3,417,833 | 3,382,950 |
| GASB 75- OPEB | 165,239 | 148,907 |
| Net Position Excluding Pension and OPEB | \$2,504,283 | \$2,705,398 |

Governmental Activities

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal, and state requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$16,332.60 per funded student. In fiscal year 2023, the funded pupil count was 144. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District received approximately 45% of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table III reflects each program's net cost (total cost less fees generated by the programs and

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)

intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these programs.

Table III
Cost of Services-Governmental Activities
Fiscal Year 2022 and 2023

| | Total Cost 2022 | Net Cost 2022 | Total Cost 2023 | Net Cost 2023 |
|---|------------------|--------------------|------------------|--------------------|
| Instructional Program | 1,695,128 | (218,544) | 2,128,471 | (1,264,123) |
| Student Support Services | 373,792 | (206,970) | 406,594 | (406,594) |
| Instructional Staff Support Services | 186,668 | (186,581) | 323,279 | (323,279) |
| General Admin. Support Services | 256,109 | (252,776) | 325,862 | (325,862) |
| School Admin. Support Services | 92,867 | (90,894) | 147,714 | (147,714) |
| Business Support Services | 100,323 | (100,323) | 87,316 | (87,316) |
| Operations & Maintenance of Plant | 255,933 | (253,052) | 400,557 | (400,557) |
| Services | - | - | - | - |
| Student Transportation Services | 141,380 | (112,821) | 216,529 | (216,529) |
| Central Supporting Services | 103,527 | (103,337) | 131,942 | (131,942) |
| Food Service | 142,429 | 2,793 | 235,587 | (193,422) |
| Facilities Acquisition and Construction | - | - | - | - |
| Interest on Long-term Debt | 110,450 | (110,450) | 105,378 | (105,378) |
| Total | 3,458,606 | (1,632,955) | 4,509,229 | (3,602,716) |

Financial Analysis of the District's Funds

Information about the District's funds starts on page 9. Governmental funds are accounted for using the modified accrual basis of accounting. Fiduciary funds are accounted for using the full accrual basis of accounting.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado Law and is based on accounting for certain transactions on the modified accrual basis.

Capital Assets and Debt Administration

By the end of the fiscal year 2023, the District had invested \$29,082,698 in a broad range of capital assets, including buildings and improvements, machinery and equipment, and vehicles. (See Table IV)

**Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)**

**Table IV
Capital Assets at June 30, 2022 and 2023**

| | Governmental Activities 2022 | Governmental Activities 2023 |
|--|---------------------------------|---------------------------------|
| Buildings and Improvements | \$ 30,292,102 | \$ 30,292,102 |
| Equipment | 584,358 | 584,358 |
| Vehicles | 613,402 | 613,402 |
| Accumulated Depreciation | (1,820,984) | (2,407,164) |
| Totals | 29,668,878 | 29,082,698 |
| Governmental Activities Capital Assets | <u>29,668,878</u> | <u>29,082,698</u> |

Long-Term Liabilities

At June 30, 2023, the District had \$3,010,314 in long-term liabilities. Table V details the long-term liabilities for the District.

**Table V
Long-Term Liabilities
Current and Total at June 30, 2022 and 2023**

| | Governmental Activities 2022 | Governmental Activities 2023 |
|-----------------------------|------------------------------------|------------------------------------|
| Bonds Payable - Series 2017 | <u>\$ 3,162,438</u> | <u>\$ 3,010,314</u> |
| | <u>\$ 3,162,438</u> | <u>\$ 3,010,314</u> |

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The United States and the State of Colorado have experienced slowing economic conditions in the past several years. One impact of this economic slowing is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's budget, the district revenues were adversely impacted. The outlook and forecast for school funding in the future continues to be bleak. In fiscal year 2015, the state finally began to backfill some of the funding cuts that were a result of the past recession. The District continues to work hard to manage funds wisely and prudently.

Mountain Valley School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023 (Continued)

- The Mountain Valley School District continues its efforts in educational reform with cooperation from administration, certified staff, classified staff, parents, community members, and the local board of education. The District has established partnerships with valley educational institutions and state organizations to assist in the curriculum reform effort.
- Mountain Valley School District has been successful in the past with obtaining grants from CDE. With these organizations, we continue to develop and evaluate student-focused strategies for increasing student attendance and achievement, as is evidenced by the quality teaching strategies found in our classrooms. These efforts have resulted in improvements in our educational programs that are evidenced by the educational awards the District continues to receive.
- Additional funding to the district came through the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted on March 27, 2020 – a \$2 trillion package of assistance measures that include direct payment to families, loans for small businesses, and support for business and funding for education. Four education funding streams from the CARES Act were the Coronavirus Relief Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund, Governor's Emergency Education Relief (GEER) Fund and nutrition.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent of Schools, Mountain Valley School District, 403 Pitkin, Saguache, CO 81149.

Basic Financial Statements

Mountain Valley School District RE-1
Statement of Net Position
June 30, 2023

Assets

Current Assets

| | | |
|----------------------------|----|-----------|
| Cash and cash equivalents | \$ | 3,366,669 |
| Cash at county treasurer | | 177,186 |
| Due from other governments | | 215,171 |
| Property tax receivable | | 134,404 |
| Inventory | | 14,674 |
| Total Current Assets | | 3,908,104 |

Noncurrent Assets

| | | |
|--------------------------------|--|-------------|
| Capital assets - depreciable | | 31,489,862 |
| Less: Accumulated depreciation | | (2,407,164) |
| Net Capital Assets | | 29,082,698 |
| Total Noncurrent Assets | | 29,082,698 |
| Total Assets | | 32,990,802 |

Deferred Outflows of Resources

| | | |
|--------------------------------------|--|-----------|
| Pension | | 989,098 |
| OPEB | | 29,343 |
| Total Deferred Outflows of Resources | | 1,018,441 |

Liabilities

Current Liabilities

| | | |
|--|--|---------|
| Accounts payable | | 62,489 |
| Accrued wages and benefits | | 216,418 |
| Due to other governments | | 72,819 |
| Unearned income - grants | | 53,520 |
| Accrued vacation | | 56,644 |
| Accrued Interest on bonds | | 10,522 |
| General obligation bonds - current portion | | 157,281 |
| Total Current Liabilities | | 629,693 |

Long Term Liabilities

| | | |
|-----------------------------|--|-----------|
| Net pension liability | | 3,882,415 |
| Net OPEB liability | | 131,822 |
| General obligation bonds | | 2,853,033 |
| Total Long Term Liabilities | | 6,867,270 |
| Total Liabilities | | 7,496,963 |

Deferred Inflows of Resources

| | | |
|-------------------------------------|--|---------|
| Pension | | 489,633 |
| OPEB | | 46,428 |
| Total Deferred Inflows of Resources | | 536,061 |

Net Position

| | | |
|-----------------------------------|--|---------------|
| Net investments in capital assets | | 26,072,384 |
| Restricted | | |
| TABOR | | 100,000 |
| Debt Service | | 367,578 |
| Other | | 193,187 |
| Preschool | | 69,529 |
| Unrestricted | | (826,459) |
| Total Net Position | | \$ 25,976,219 |

Mountain Valley School District RE-1
Statement of Activities
For the Year Ended June 30, 2023

| Governmental Activities | Program Revenues | | | Capital Grants and Contributions | Net (Expenses) Revenue and Changes in Net Position |
|--|---------------------|---------------------|------------------------------------|----------------------------------|--|
| | Expenses | Charges for Service | Operating Grants and Contributions | | |
| | | | | | |
| Instruction | \$ 2,128,471 | \$ 39,780 | \$ 824,568 | \$ - | \$ (1,264,123) |
| Student supporting services | 406,594 | - | - | - | (406,594) |
| Instructional staff supporting services | 323,279 | - | - | - | (323,279) |
| General and administration supporting services | 325,862 | - | - | - | (325,862) |
| School administration supporting services | 147,714 | - | - | - | (147,714) |
| Business supporting services | 87,316 | - | - | - | (87,316) |
| Operations and maintenance of plant services | 400,557 | - | - | - | (400,557) |
| Student transportation services | 216,529 | - | - | - | (216,529) |
| Central supporting services | 131,942 | - | - | - | (131,942) |
| Food services | 235,587 | - | 42,165 | - | (193,422) |
| Interest | 105,378 | - | - | - | (105,378) |
| Total Governmental Activities | \$ 4,509,229 | \$ 39,780 | \$ 866,733 | \$ - | (3,602,716) |
| General Revenues | | | | | |
| Property taxes | | | | | 1,260,877 |
| Other taxes | | | | | 173,304 |
| State equalization | | | | | 1,997,159 |
| Interest | | | | | 102,126 |
| Total General Revenues | | | | | 3,533,466 |
| Change in Net Position | | | | | (69,250) |
| Net Position - Beginning of Year | | | | | 26,045,469 |
| Net Position - End of Year | | | | | \$ 25,976,219 |

Fund Financial Statements

**Mountain Valley School District RE-1
Balance Sheet
June 30, 2023**

| | General Fund | Grants Fund | Total Non Major Funds | Total Governmental Funds |
|--|---------------------|--------------------|----------------------------------|---|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 2,731,836 | \$ - | \$ 634,833 | \$ 3,366,669 |
| Cash at county treasurer | 161,300 | - | 15,886 | 177,186 |
| Due from other governments | 1,029 | 191,435 | 22,707 | 215,171 |
| Property tax receivable | 95,390 | - | 39,014 | 134,404 |
| Inventory | - | - | 14,674 | 14,674 |
| Due from other funds | 116,519 | - | - | 116,519 |
| Total Assets | \$ 3,106,074 | \$ 191,435 | \$ 727,114 | \$ 4,024,623 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 45,323 | \$ 17,047 | \$ 119 | \$ 62,489 |
| Accrued wages and benefits | 176,913 | 23,063 | 16,442 | 216,418 |
| Due to other governments | 29,414 | - | 43,405 | 72,819 |
| Due to other funds | - | 105,933 | 10,586 | 116,519 |
| Unearned income - grants | 10,791 | 42,729 | - | 53,520 |
| Total Liabilities | 262,441 | 188,772 | 70,552 | 521,765 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | 76,786 | - | 18,713 | 95,499 |
| Total Deferred Inflows of Resources | 76,786 | - | 18,713 | 95,499 |
| Equity | | | | |
| Fund Balance | | | | |
| Nonspendable | - | - | 14,674 | 14,674 |
| Restricted | 210,849 | 2,663 | 516,782 | 730,294 |
| Committed | 1,210,446 | - | 106,393 | 1,316,839 |
| Unassigned | 1,345,552 | - | - | 1,345,552 |
| Total Fund Balance | 2,766,847 | 2,663 | 637,849 | 3,407,359 |
| Total Liabilities, Fund Balance and Deferred Inflows of Resources | \$ 3,106,074 | \$ 191,435 | \$ 727,114 | \$ 4,024,623 |

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Amounts reported for governmental funds in the Statement of Net Position are different because:

| | | |
|---|-------------|----------------------|
| Total fund balance | | 3,407,359 |
| Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | | 29,082,698 |
| Intergovernmental revenues that do not provide current financial resources are included in deferred inflows of resources in the fund financial statements and are considered revenues in the statement of activities. | | 95,499 |
| Certain liabilities are not due and payable in the current period and , therefore, are not reported in the funds. | | |
| Accrued vacation | (56,644) | |
| General obligation bonds payable | (3,010,314) | |
| Accrued interest | (10,522) | |
| | (3,077,480) | |
| Net pension and OPEB liability, and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements. | | (3,531,857) |
| Total Net Position | | \$ 25,976,219 |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

| Revenues | General Fund | Grants Fund | Total Non Major Funds | Total Governmental Funds |
|--|---------------------|--------------------|----------------------------------|---|
| Local sources | \$ 1,159,518 | \$ - | \$ 344,967 | \$ 1,504,485 |
| State sources | 2,107,548 | 294,666 | 7,217 | 2,409,431 |
| Federal sources | 100,847 | 255,170 | 74,547 | 430,564 |
| Total Revenue | 3,367,913 | 549,836 | 426,731 | 4,344,480 |
| Expenditures | | | | |
| Instruction | 1,430,762 | 417,548 | 58,345 | 1,906,655 |
| Student supporting services | 94,907 | 67,703 | - | 162,610 |
| Instructional staff supporting services | 323,279 | - | - | 323,279 |
| General and administration supporting services | 324,911 | 951 | - | 325,862 |
| School administration supporting services | 147,714 | - | - | 147,714 |
| Business supporting services | 87,316 | - | - | 87,316 |
| Operations and maintenance of plant services | 327,585 | 63,634 | - | 391,219 |
| Student transportation services | 178,552 | - | - | 178,552 |
| Central supporting services | 131,942 | - | - | 131,942 |
| Food services | - | - | 227,123 | 227,123 |
| Debt service | | | | |
| Principal | - | - | 152,124 | 152,124 |
| Interest and fees | - | - | 94,856 | 94,856 |
| Total Expenditures | 3,046,968 | 549,836 | 532,448 | 4,129,252 |
| Revenue Over (Under) Expenditures | 320,945 | - | (105,717) | 215,228 |
| Other Financing Sources | | | | |
| Transfer in (out) | (116,981) | - | 116,981 | - |
| Total Other Financing Sources | (116,981) | - | 116,981 | - |
| Net Change in Fund Balances | 203,964 | - | 11,264 | 215,228 |
| Fund Balance, beginning of year | 2,562,883 | 2,663 | 626,585 | 3,192,131 |
| Fund Balance, end of year | <u>\$ 2,766,847</u> | <u>\$ 2,663</u> | <u>\$ 637,849</u> | <u>\$ 3,407,359</u> |

Total Change in Fund Balance Governmental Fund \$ 215,228

Governmental funds report capital outlays as expenditures and sales as revenues; however, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. The activity relating to capital assets for the current period are as follows:

| | | |
|----------------------|-----------|-----------|
| Depreciation expense | (586,180) | (586,180) |
|----------------------|-----------|-----------|

The payment of long-term debt utilizes current financial resources to governmental funds however it has no effect on Net Position. 152,124

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported in the fund statements.

| | |
|------------------|----------|
| Accrued interest | (10,522) |
| Accrued vacation | 13,386 |

Intergovernmental revenues that do not provide current financial resources are included in deferred inflows of resources in the fund financial statements and are considered revenues in the statement of activities 95,499

Changes arising from the change in net pension liability, net OPEB liability and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements. 51,215

Change in Net Position of Governmental Activities \$ (69,250)

Mountain Valley School District RE-1
Notes to Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

Mountain Valley School District RE-1 is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries. The County Treasurer collects the taxes and remits them to the school district. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

The District follows GASB Statement No. 14 which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, no entities will be included in the District's reporting entity. The District is not a component unit of any other entities.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The District follows all pronouncements of the Governmental Accounting Standards Board (GASB), which is the standard setting body. In conformance with Governmental Accounting and Financial Reporting Standards. The District is a tax-exempt entity for Federal income tax purposes.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government and exclude the activity of funds that are fiduciary in nature.

The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Funds used by the District are described below.

General Fund – is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Grants Fund – is the fund used to track the revenues, expenses and remaining balances of all grants.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the District are included in the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources. This approach differs from the manner in which the activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures, which is typically within sixty days of realization. The transactions are classified as operating revenues.

Non-exchange transactions, in which the District receives value without directly giving value in return include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. These transactions are classified as non-operating revenues.

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

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of 90 days or less at the date of their acquisition.

Investments - Investments are recorded at fair value, which approximates cost.

Prepaid expenses – payments to vendors for services in which the benefit will be received in a future period are reported as prepaid expenses.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Management has evaluated the collectability of the accounts and determined that no allowance for doubtful accounts is necessary.

Inventory – Purchased Inventory is stated at cost. The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture during the year. The value of these items are recorded at U.S. Department of Agriculture established values.

Capital assets - These consist of all property, plant and equipment. The District defines capital assets 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 if purchased or estimated historical cost if donated.

Depreciation of all exhaustible capital assets is charged as expense against operations. Accumulated depreciation is reported on the balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|----------------------------|-------------|
| Buildings and improvements | 50 years |
| Admin equipment | 5 -15 years |
| Operational equipment | 6 -10 years |

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term debt obligations are not recognized as a liability on the governmental fund financial statements but instead are recorded when paid.

Accrued salaries and benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a 12-month period from September to August, but are earned during the school year of approximately nine months. The accrued salaries and benefits earned, but unpaid, are reported as a liability of the funds. Upon separation of employment the District pays employees for their accrued leave at the full day substitute teacher rate, therefore a liability has been recorded on the government-wide statements for this balance.

Unavailable revenues – when assets are not available as current financial resources in the governmental funds they are recorded as unavailable revenues in deferred inflows of resources. These consist of payments from the District that will not be paid for 60 days or more and are typically revenues that are used to offset future expenses such as transportation or special education.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Long-Term debt is recorded as a liability in the government-wide financial statements. In the fund financial statements net proceeds are reported as other financing sources and debt payments are reported as debt service expenditures.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result, in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflows) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investments in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

The Governmental Activities has an unrestricted net position deficit as of June 30, 2023 related primarily to the net pension liability and the net OPEB liability. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District had a nonspendable fund balance was \$14,674 as of June 30, 2023 relating to inventory.

Restricted - consists of amounts constrained to a specific purpose either contractually, through constitutional provisions, or through enabling legislation. The District had \$100,000 restricted for TABOR, \$190,524 restricted for upkeep of the school related to the BEST program, \$367,578 restricted for debt service, \$2,663 restricted for grants, and \$69,529 restricted for preschool at June 30, 2023.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education formally removes or changes the specified uses. The District had a committed fund balance of \$100,000 for athletics, \$50,000 for facilities, \$13,900 for technology, \$26,220 for transportation, \$104,747 for the health plan, \$100,000 for curriculum \$100,000 for staff retention, \$215,579 V2V V2V, \$500,000 to be available for use in subsequent years, \$41,164 for food service and \$65,229 for pupil activities as of June 30, 2023.

Assigned – Includes all amounts that are constrained by the District's intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. The District had an assigned fund balance of \$0 as of June 30, 2023.

Unassigned- consists of the residual classification for the General Fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

When resources are available for use from multiple components, it is the District's policy to use the most restrictive resources first, then unrestricted resources as they are needed.

Property taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 15th and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Budgets and Budgetary Accounting

Colorado State Statutes require the preparation of an annual budget which provides documentation that all sources and uses of District resources are properly planned, budgeted and approved. The budget, which upon adoption, is the legal document which places restrictions and limitation on the purposes and amounts for which District monies may be expended. Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

Prior to May 31 management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1, for their approval. Prior to June 30 the budget is adopted by formal resolution. The budget includes proposed expenditures and the means for financing them. Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund may be approved by the Board of Directors. Actual expenditures exceeded budgeted expenditures for the general fund for the year ended, which may be a violation of state budget law.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of June 30, 2023, the District's cash deposits had a carrying balance of \$155,124 with corresponding bank balance of \$217,073 of which \$217,073 is federally insured. 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. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had \$0 collateralized under PDPA.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, none of the District's bank deposits were exposed to custodial credit risk.

Investments

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

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

At June 30, 2023, the District had \$2,730,950 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 2 Cash and Investments (Continued)

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of June 30, 2023 the District had \$480,595 invested in money markets which were not rated.

As of June 30, 2023, the Board had not adopted a formal investment policy.

Note 3 Intergovernmental Receivables

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. Management has determined that all of the receivables are collectible, therefore no allowance for uncollectible receivables has been recorded at June 30, 2023.

Note 4 Interfund Receivables, Payables and Transfers

The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The effect of inter program transactions has been eliminated in the Statements of Net Position. During the year ended the District made permanent transfers from the General Fund to the Food Service Fund and the Activity Fund for the purpose of funding operations. The composition of inter program balances as of June 30, 2023 is as follows:

| Program | Due From Other Program | Due To Other Program | Total |
|-----------------------|---------------------------|-------------------------|-------------|
| Student Activity Fund | \$ - | \$ (10,586) | \$ (10,586) |
| General Fund | 116,519 | - | 116,519 |
| Grant Fund | - | (105,933) | (105,933) |
| Total | <u>\$ 116,519</u> | <u>\$ (116,519)</u> | <u>\$ -</u> |

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 5 Capital Assets

As of June 30, 2023 capital assets consisted of the following:

| | Balance at June 30, 2022 | Additions | Deletions | Balance at June 30, 2023 |
|--------------------------------|-----------------------------|---------------------|-------------|-----------------------------|
| Depreciable | | | | |
| Buildings and improvements | 30,292,102 | - | - | 30,292,102 |
| Transportation equipment | 613,402 | - | - | 613,402 |
| Other equipment | 584,358 | - | - | 584,358 |
| Total Depreciable | <u>31,489,862</u> | <u>-</u> | <u>-</u> | <u>31,489,862</u> |
| Total Capital Assets | <u>31,489,862</u> | <u>-</u> | <u>-</u> | <u>31,489,862</u> |
| Accumulated Depreciation | | | | |
| Buildings and improvements | (1,264,637) | (505,361) | - | (1,769,998) |
| Transportation equipment | (422,591) | (37,977) | - | (460,568) |
| Other equipment | (133,756) | (42,842) | - | (176,598) |
| Total Accumulated depreciation | <u>(1,820,984)</u> | <u>(586,180)</u> | <u>-</u> | <u>(2,407,164)</u> |
| Net Capital Assets | <u>\$ 29,668,878</u> | <u>\$ (586,180)</u> | <u>\$ -</u> | <u>\$ 29,082,698</u> |

Depreciation and expense was charged to the Instructional Program in the amount of \$286,417, Student Transportation Services \$37,977, Support \$243,984, Operations and Maintenance \$9,338 and Food Service \$8,464 for the year ended June 30, 2023.

Note 6 Long-Term Debt

Changes in Long-term Debt during 2023 were as follows:

| | Balance 6/30/2022 | Additions | Reductions | Balance 6/30/2023 | Due Within One Year |
|----------------------|----------------------|-------------|-------------------|----------------------|------------------------|
| G.O. Bonds - 2017 | \$ 3,162,438 | \$ - | \$ 152,124 | \$ 3,010,314 | \$ 157,281 |
| Total Long-term Debt | <u>\$ 3,162,438</u> | <u>\$ -</u> | <u>\$ 152,124</u> | <u>\$ 3,010,314</u> | <u>\$ 157,281</u> |

On December 7, 2017 the District issued general obligation bonds series 2017 in the amount of \$3,724,699 with an interest rate of 3.39% to be paid in full December 1, 2037. The bonds were issued for the District's match for the On December 7, 2017 the District issued general obligation bonds series 2017 in the amount of \$3,724,699 with an interest rate of 3.39% to be paid in full December 1, 2037. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of the new school building and facilities. The annual debt service for the General Obligation Bond payable is as follows:

| Year | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2024 | 157,281 | 98,939 | 256,220 |
| 2025 | 162,612 | 93,502 | 256,114 |
| 2026 | 168,125 | 87,881 | 256,006 |
| 2027 | 173,824 | 82,068 | 255,892 |
| 2028 | 185,810 | 73,521 | 259,331 |
| 2029-2033 | 1,027,912 | 268,739 | 1,296,651 |
| 2034-2038 | 1,134,750 | 82,288 | 1,217,038 |
| Total | <u>\$ 3,010,314</u> | <u>\$ 786,938</u> | <u>\$ 3,797,252</u> |

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 7 Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions, Mountain Valley School District RE-1 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.

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:

- 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.

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 7 Defined Benefit Pension Plan (Continued)

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 AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

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

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 7 Defined Benefit Pension Plan (Continued)

**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 \$329,691 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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 \$3,882,415 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|-------------|
| District's proportionate share of the net pension liability | \$4,992,910 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | 1,126,661 |
| Total | \$6,119,571 |

At December 31, 2022, the District's proportion was .0213208600%, which was a decrease of .000021378957% from its proportion measured as of December 31, 2021.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 7 Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2023 the District recognized pension revenue of \$34,883 and revenue of \$96,075 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 | \$36,743 | \$0 |
| Changes of assumptions or other inputs | 68,770 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 521,551 | 0 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 178,969 | 489,633 |
| Contributions subsequent to the measurement date | 183,065 | N/A |
| Total | \$989,098 | \$489,633 |

\$183,065 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:

| Year ended June 30 | |
|---------------------------|-------------|
| 2024 | \$(108,846) |
| 2025 | (36,521) |
| 2026 | 158,404 |
| 2027 | 303,363 |
| 2028 | 0 |
| Thereafter | 0 |

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 7 Defined Benefit Pension Plan (Continued)

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:

- **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.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 7 Defined Benefit Pension Plan (Continued)

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.

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 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:

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 7 Defined Benefit Pension Plan (Continued)

- 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.
- 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.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 7 Defined Benefit Pension Plan (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 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 | \$5,080,745 | \$3,882,415 | \$2,881,686 |

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.

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$0 and the District recognized pension expense and a liability of \$0 and \$0, respectively, for the PERAPlus 401(k) Plan.

Note 8 Other Post Employment Benefits

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.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 8 Other Post Employment Benefits (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 District 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.

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.

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 8 Other Post Employment Benefits (Continued)

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 June 30, 2023 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$16,711 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 \$158,405 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's 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 .000161451648%, which was an increase of .0008283865% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB revenue of \$16,332. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of | Deferred Inflows of |
|---|----------------------|---------------------|
| Difference between expected and actual experience | \$17 | \$31,879 |
| Changes of assumptions or other inputs | 2,119 | 14,549 |
| Net difference between projected and actual earnings on OPEB plan investments | 8,051 | 0 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 9,568 | 0 |
| Contributions subsequent to the measurement date | 9,588 | N/A |
| Total | \$29,343 | \$46,428 |

\$9,588 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

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 8 Other Post Employment Benefits (Continued)

in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30 | |
|--------------------|------------|
| 2024 | \$(11,213) |
| 2025 | (10,411) |
| 2026 | (3,807) |
| 2027 | 1,061 |
| 2028 | (1,495) |
| Thereafter | (\$808) |

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 | | | |

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 8 Other Post Employment Benefits (Continued)

DPS benefit structure:

| | |
|-------------------------------|-------|
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

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 |
|------------------------|-------------------------------|------------------------|
| 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% |

| 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 |

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 8 Other Post Employment Benefits (Continued)

| 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.

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

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 8 Other Post Employment Benefits (Continued)

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.

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.

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

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 8 Other Post Employment Benefits (Continued)

- **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.

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

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 8 Other Post Employment Benefits (Continued)

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 Geometric Real Rate of Expected |
|--------------------|--------------------------|--|
| 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%.

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 rate | 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 | \$169,153 | \$174,080 | \$179,442 |

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:

**Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023**

Note 8 Other Post Employment Benefits(Continued)

- 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.
- 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 | \$152,821 | \$131,822 | \$113,861 |

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at 918www.copera.org/investments/pera-financial-reports.

Mountain Valley School District RE-1
Notes to Financial Statements (Continued)
June 30, 2023

Note 9 Contingencies and Commitments

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the Colorado School District's Self-Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses 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 expenses have not been audited, but the District believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the District.

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations; however, the District believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

Required Supplementary Information

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with final budget Positive (negative)</u> |
|--|------------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Local sources | \$ 814,499 | \$ 901,888 | \$ 1,159,518 | \$ 257,630 |
| State sources | 2,016,247 | 2,105,808 | 2,107,548 | 1,740 |
| Federal sources | 126,452 | 126,452 | 100,847 | (25,605) |
| Total Revenue | <u>2,957,198</u> | <u>3,134,148</u> | <u>3,367,913</u> | <u>233,765</u> |
| Expenditures | | | | |
| Instruction | 1,354,947 | 1,378,999 | 1,430,762 | (51,763) |
| Student supporting services | 84,163 | 100,783 | 94,907 | 5,876 |
| Instructional staff supporting services | 173,100 | 337,498 | 323,279 | 14,219 |
| General and administration supporting services | 279,202 | 301,055 | 324,911 | (23,856) |
| School administration supporting services | 146,828 | 151,967 | 147,714 | 4,253 |
| Business supporting services | 102,797 | 102,797 | 87,316 | 15,481 |
| Operations and maintenance of plant services | 333,598 | 351,145 | 327,585 | 23,560 |
| Student transportation services | 170,274 | 170,940 | 178,552 | (7,612) |
| Central supporting services | 121,966 | 121,984 | 131,942 | (9,958) |
| Total Expenditures | <u>2,766,875</u> | <u>3,017,168</u> | <u>3,046,968</u> | <u>(29,800)</u> |
| Revenue Over (Under) Expenditures | 190,323 | 116,980 | 320,945 | 203,965 |
| Other Financing Sources | | | | |
| Transfers | (35,000) | (35,000) | (116,981) | (81,981) |
| Proceeds from sales of assets | - | - | - | - |
| Total Other Financing Sources | <u>(35,000)</u> | <u>(35,000)</u> | <u>(116,981)</u> | <u>\$ (81,981)</u> |
| Net Change in Fund Balance | <u>\$ 155,323</u> | <u>\$ 81,980</u> | <u>203,964</u> | |
| Fund Balance, beginning of year | | | <u>2,562,883</u> | |
| Fund Balance, end of year | | | <u>\$ 2,766,847</u> | |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Grants Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with final budget Positive (negative) |
|--|------------------------|---------------------|-----------------|---|
| Revenues | | | | |
| State sources | \$ 454,084 | \$ 303,780 | \$ 294,666 | \$ (9,114) |
| Federal sources | 987,811 | 1,138,116 | 255,170 | (882,946) |
| Total Revenue | <u>1,441,895</u> | <u>1,441,896</u> | <u>549,836</u> | <u>(892,060)</u> |
| Expenditures | | | | |
| Instruction | 1,337,681 | 990,625 | 417,548 | 573,077 |
| Student supporting services | 96,088 | 448,870 | 67,703 | 381,167 |
| General and administration supporting services | 7,626 | 1,901 | 951 | 950 |
| Operation and maintenance of plant services | 500 | 500 | 63,634 | (63,134) |
| Capital Outlay | | | - | - |
| Contingency | | - | - | - |
| Total Expenditures | <u>1,441,895</u> | <u>1,441,896</u> | <u>549,836</u> | <u>892,060</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund Balance, beginning of year | | | 2,663 | |
| Fund Balance, end of year | | | <u>\$ 2,663</u> | |

**Mountain Valley School District RE-1
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years**

| Plan measurement date | 2023 12/31/2022 | 2022 12/31/2021 | 2021 12/31/2020 | 2020 12/31/2019 | 2019 12/31/2018 | 2018 12/31/2017 | 2017 12/31/2016 | 2016 12/31/2015 | 2015 12/31/2014 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability | 0.0213208600% | 0.0234587557% | 0.2738269320% | 0.2377805020% | 0.0232231724% | 0.0258202636% | 0.0257959505% | 0.0265142990% | 0.0286902685% |
| The District's proportionate share of the net pension liability | \$ 3,882,415 | \$ 2,729,981 | \$ 4,139,711 | \$ 3,552,389 | \$ 4,112,140 | \$ 8,349,356 | \$ 7,680,452 | \$ 4,055,175 | \$ 3,888,495 |
| State's Proportionate Share of the Net Pension Liability | 96,075 | 312,957 | - | 450,575 | 562,278 | - | - | - | - |
| District's covered payroll | 1,638,355 | 1,466,097 | 1,465,872 | 1,396,829 | 1,276,702 | 1,191,058 | 1,156,620 | 1,155,487 | 1,201,917 |
| Plan fiduciary net position as a percentage of the total pension liability | 61.80% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.10% | 59.20% | 62.80% |
| Net pension liability as a percentage of covered payroll | 236.97% | 186.21% | 282.41% | 254.32% | 322.09% | 701.00% | 664.04% | 350.95% | 323.52% |

Mountain Valley School District RE-1
Required Supplementary Information
Schedule of Pension Contributions
Last 10 Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Plan measurement date | 12/31/2022 | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 | 12/31/2015 | 12/31/2014 |
| Statutorily Required Contribution | 329,691 | 320,865 | 272,530 | 245,205 | 248,239 | 233,445 | 216,400 | 201,057 | 199,548 |
| Statutorily Required Contribution | 329,691 | 320,865 | 272,530 | 245,205 | 248,239 | 233,445 | 216,400 | 201,057 | 199,548 |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - |
| Covered Payroll | 1,638,355 | 1,466,097 | 1,465,872 | 1,396,829 | 1,276,702 | 1,191,058 | 1,156,620 | 1,155,487 | 1,201,917 |
| Contributions as a % of Covered Payroll | 20.12% | 21.89% | 18.59% | 17.55% | 19.44% | 19.60% | 18.71% | 17.40% | 16.60% |

**Mountain Valley School District RE-1
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years ***

| Plan measurement date | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|------------|------------|
| | 12/31/2022 | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2017 | 12/31/2016 | 12/31/2016 | 12/31/2016 | 12/31/2016 |
| District's proportion of the net OPEB liability | 0.0161451648% | 0.0153167783% | 0.0158516226% | 0.0155348562% | 0.0150951824% | 0.0146709704% | 0.0146709704% | 0.0146709704% | 0.0146617359% | | | |
| The District's proportionate share of the net OPEB liability \$ | 131,822 \$ | 132,077 \$ | 150,626 \$ | 174,611 \$ | 205,376 \$ | 190,664 \$ | 190,664 \$ | 190,664 \$ | 190,094 | | | |
| District's covered payroll | 1,638,355 | 1,466,097 | 1,465,872 | 1,396,829 | 1,276,702 | 1,191,058 | 1,191,058 | 1,191,058 | 1,156,620 | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 39.40% | 10.28% | 12.48% | 16.09% | 16.01% | 16.42% | 16.42% | 16.42% | 43.10% | | | |
| Net OPEB liability as a percentage of covered payroll | 8.05% | 9.01% | 10.28% | 12.50% | 16.09% | 16.01% | 16.01% | 16.01% | 16.44% | | | |

* This schedule is designed to show 10 years comparison. Information for the prior years was not available to report and will be shown when it is available.

* This schedule is designed to show 10 years comparison. Information for the prior years was not available to report and will be shown when it is available.

**Mountain Valley School District RE-1
Required Supplementary Information
Schedule of OPEB Contributions
Last 10 Fiscal Years**

| Plan measurement date | 2023 12/31/2022 | 2022 12/31/2021 | 2021 12/31/2020 | 2020 12/31/2019 | 2019 12/31/2018 | 2018 12/31/2017 | 2017 12/31/2016 | 2016 12/31/2015 | 2015 12/31/2014 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily Required Contribution | 16,711 | 18,159 | 15,654 | 16,519 | 16,872 | 17,015 | 16,655 | 16,013 | 15,100 |
| Statutorily Required Contribution | 16,711 | 18,159 | 15,654 | 16,519 | 16,872 | 17,015 | 16,655 | 16,013 | 15,100 |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - |
| Covered Payroll | 1,638,355 | 1,466,097 | 1,465,872 | 1,396,829 | 1,276,702 | 1,191,058 | 1,156,620 | 1,155,487 | 1,201,917 |
| Contributions as a % of Covered Payroll | 1.02% | 1.24% | 1.07% | 1.18% | 1.32% | 1.43% | 1.44% | 1.39% | 1.26% |

Other Supplementary Information

**Mountain Valley School District RE-1
Balance Sheet
June 30, 2023**

| | <u>Special Revenue Funds</u> | | | | |
|---|------------------------------|----------------------------------|------------------------------|--------------------------|----------------------------------|
| | <u>Food Service Fund</u> | <u>Student Activity Fund</u> | <u>Debt Service Fund</u> | <u>Building Fund</u> | <u>Total Non Major Funds</u> |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 78,423 | \$ 75,815 | \$ 331,391 | \$ 149,204 | \$ 634,833 |
| Cash at county treasurer | - | - | 15,886 | - | 15,886 |
| Due from other governments | 22,707 | - | - | - | 22,707 |
| Property tax receivable | - | - | 39,014 | - | 39,014 |
| Inventory | 14,674 | - | - | - | 14,674 |
| Total Assets | <u>\$ 115,804</u> | <u>\$ 75,815</u> | <u>\$ 386,291</u> | <u>\$ 149,204</u> | <u>\$ 727,114</u> |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 119 | \$ - | \$ - | \$ - | \$ 119 |
| Accrued wages and benefits | 16,442 | - | - | - | 16,442 |
| Due to other governments | 43,405 | - | - | - | 43,405 |
| Due to other funds | - | 10,586 | - | - | 10,586 |
| Total Liabilities | <u>59,966</u> | <u>10,586</u> | <u>-</u> | <u>-</u> | <u>70,552</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenues | - | - | 18,713 | - | 18,713 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>18,713</u> | <u>-</u> | <u>18,713</u> |
| Equity | | | | | |
| Fund Balance | | | | | |
| Nonspendable | 14,674 | - | - | - | 14,674 |
| Restricted | - | - | 367,578 | 149,204 | 516,782 |
| Committed | 41,164 | 65,229 | - | - | 106,393 |
| Total Fund Balance | <u>55,838</u> | <u>65,229</u> | <u>367,578</u> | <u>149,204</u> | <u>637,849</u> |
| Total Liabilities, Fund Balance and Deferred Inflows of Resources | <u>\$ 115,804</u> | <u>\$ 75,815</u> | <u>\$ 386,291</u> | <u>\$ 149,204</u> | <u>\$ 727,114</u> |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

| | <u>Special Revenue Funds</u> | | | | |
|-----------------------------------|------------------------------|------------------------------|--------------------------|----------------------|------------------------------|
| | <u>Food Service Fund</u> | <u>Student Activity Fund</u> | <u>Debt Service Fund</u> | <u>Building Fund</u> | <u>Total Non Major Funds</u> |
| Revenues | | | | | |
| Local sources | \$ - | \$ 39,780 | \$ 305,187 | \$ - | \$ 344,967 |
| State sources | 7,217 | - | - | - | 7,217 |
| Federal sources | 74,547 | - | - | - | 74,547 |
| Total Revenue | <u>81,764</u> | <u>39,780</u> | <u>305,187</u> | <u>-</u> | <u>426,731</u> |
| Expenditures | | | | | |
| Instruction | - | 58,345 | - | - | 58,345 |
| Food services | 227,123 | - | - | - | 227,123 |
| Debt service | | | | | |
| Principal | - | - | 152,124 | - | 152,124 |
| Interest and fees | - | - | 94,856 | - | 94,856 |
| Total Expenditures | <u>227,123</u> | <u>58,345</u> | <u>246,980</u> | <u>-</u> | <u>532,448</u> |
| Revenue Over (Under) Expenditures | <u>(145,359)</u> | <u>(18,565)</u> | <u>58,207</u> | <u>-</u> | <u>(105,717)</u> |
| Other Financing Sources | | | | | |
| Transfer in (out) | 100,981 | 16,000 | - | - | 116,981 |
| Total Other Financing Sources | <u>100,981</u> | <u>16,000</u> | <u>-</u> | <u>-</u> | <u>116,981</u> |
| Net Change in Fund Balances | (44,378) | (2,565) | 58,207 | - | 11,264 |
| Fund Balance, beginning of year | 100,216 | 67,794 | 309,371 | 149,204 | 626,585 |
| Fund Balance, end of year | <u>\$ 55,838</u> | <u>\$ 65,229</u> | <u>\$ 367,578</u> | <u>\$ 149,204</u> | <u>\$ 637,849</u> |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2023

| | Original & Final Budget | Actual | Variance with final budget Positive (negative) |
|---------------------------------|--|---------------|---|
| Revenues | | | |
| Local sources | \$ 275,300 | \$ 305,187 | \$ 29,887 |
| Total Revenue | 275,300 | 305,187 | 29,887 |
| Expenditures | | | |
| Debt service | | | |
| Principal | 152,124 | 152,124 | - |
| Interest and fees | 123,176 | 94,856 | 28,320 |
| Total Expenditures | 275,300 | 246,980 | 28,320 |
| Net Change in Fund Balance | \$ - | 58,207 | \$ 58,207 |
| Fund Balance, beginning of year | | 309,371 | |
| Fund Balance, end of year | | \$ 367,578 | |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Food Service Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with final budget Positive (negative)</u> |
|-----------------------------------|----------------------------|---------------------|------------------|---|
| Revenues | | | | |
| Local sources | \$ - | \$ 20,000 | \$ - | \$ (20,000) |
| State sources | 1,000 | 1,000 | 7,217 | 6,217 |
| Federal sources | 103,081 | 127,581 | 74,547 | (53,034) |
| Total Revenue | <u>104,081</u> | <u>148,581</u> | <u>81,764</u> | <u>(66,817)</u> |
| Expenditures | | | | |
| Food services | 205,062 | 229,562 | 227,123 | 2,439 |
| Total Expenditures | <u>205,062</u> | <u>229,562</u> | <u>227,123</u> | <u>2,439</u> |
| Revenue Over (Under) Expenditures | (100,981) | (80,981) | (145,359) | (64,378) |
| Other Financing Sources | | | | |
| Transfers | 100,981 | 100,981 | 100,981 | - |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ 20,000</u> | (44,378) | <u>\$ (64,378)</u> |
| Fund Balance, beginning of year | | | 100,216 | |
| Fund Balance, end of year | | | <u>\$ 55,838</u> | |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Student Activity Fund
For the Year Ended June 30, 2023

| | Original & Final Budget | Actual | Variance with final budget Positive (negative) |
|-----------------------------------|--|---------------|---|
| Revenues | | | |
| Local sources | \$ 86,000 | \$ 39,780 | \$ (46,220) |
| Total Revenue | 86,000 | 39,780 | (46,220) |
| Expenditures | | | |
| Instruction | 102,000 | 58,345 | 43,655 |
| Total Expenditures | 102,000 | 58,345 | 43,655 |
| Revenue Over (Under) Expenditures | (16,000) | (18,565) | (2,565) |
| Other Financing Sources | | | |
| Transfers | 16,000 | 16,000 | - |
| Net Change in Fund Balance | \$ - | (2,565) | \$ (2,565) |
| Fund Balance, beginning of year | | 67,794 | |
| Fund Balance, end of year | | \$ 65,229 | |

Mountain Valley School District RE-1
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Building Fund
For the Year Ended June 30, 2023

| | Original and Final Budget | Actual | Variance with final budget Positive (negative) |
|---------------------------------|--------------------------------------|---------------|---|
| Revenues | | | |
| Revenue | \$ - | \$ - | \$ - |
| Total Revenue | - | - | - |
| Expenditures | | | |
| Expense | - | - | - |
| Total Expenditures | - | - | - |
| Net Change in Fund Balance | \$ - | - | \$ - |
| Fund Balance, beginning of year | | 149,204 | |
| Fund Balance, end of year | | \$ 149,204 | |

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report

District: 2790 – Mountain Valley RE 1
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 | 2,530,990 | | 3,022,993 | | 2,856,663 | | 2,697,320 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | | 0 | | 0 | | 0 |
| 19 Colorado Preschool Program Fund | 31,894 | | 227,940 | | 190,305 | | 69,529 |
| Sub- Total | 2,562,883 | | 3,250,933 | | 3,046,968 | | 2,766,849 |
| 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 | 100,216 | | 182,745 | | 227,123 | | 55,838 |
| 22 Govt Designated-Purpose Grants Fund | 2,664 | | 549,836 | | 549,836 | | 2,664 |
| 23 Pupil Activity Special Revenue Fund | 67,794 | | 55,780 | | 58,345 | | 65,229 |
| 25 Transportation Fund | 0 | | 0 | | 0 | | 0 |
| 31 Bond Redemption Fund | 309,371 | | 305,187 | | 246,980 | | 367,578 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | | 0 | | 0 | | 0 |
| 41 Building Fund | 149,204 | | 0 | | 0 | | 149,204 |
| 42 Special Building Fund | 0 | | 0 | | 0 | | 0 |
| 43 Capital Reserve Capital Projects Fund | 0 | | 0 | | 0 | | 0 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | | 0 | | 0 | | 0 |
| Totals | 3,192,132 | | 4,344,482 | | 4,129,252 | | 3,407,361 |
| 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