

**PEYTON SCHOOL DISTRICT 23JT
PEYTON, COLORADO**

BASIC FINANCIAL STATEMENTS

June 30, 2021

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FINANCIAL SECTION

Board of Education
Peyton School District 23JT
Peyton, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peyton School District 23JT as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Peyton School District 23JT as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 50-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PB Solutions LLC

February 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2021

The discussion and analysis of Peyton School District 23JT's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The district's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a sound fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs. Overall District net position increased \$3,289,262 to (\$4,264,744). General Fund equity increased \$477,546 to \$2,314,397.

Using the Basic Financial Statements

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

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. The Fiduciary Fund previously reported by the District as Fund 74 is considered a Special Revenue Fund with the adoption of GASB Statement 84.

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

Financial Analysis of the District as a Whole

The District's total net position was (\$4,264,744) as of June 30, 2021.

The District's Governmental net position increased by \$3,289,262 from 2020 to 2021. This is primarily due to the change in the Long-Term Pension (PERA) and OPEB related costs. The district's liabilities for governmental activities, including long term debt and net pension liability, exceeds assets, including capital assets (land, buildings, and equipment), in fiscal year 2020-2021 by \$4,264,744 (deficit net position). The deficit is a result of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the net liability on the Statement of Net Position beginning the 2014-2015 fiscal year. More information on GASB Statement 68 can be found in the notes to the financial statements.

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

The District's total net position was (\$4,264,744) as of June 30, 2021. The District has a negative unrestricted net position of \$10,796,828. This is a result of the inclusion of the PERA and OPEB liabilities and the related deferred inflows and deferred outflows of resources reported as described in the Notes to the Financial Statements.

Government-Wide Financial Statements

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

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

In the Statement of Net position and the Statement of Activities, the District is divided into two distinct kinds of activities:

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

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

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

Fiscal Year Ended June 30, 2021
Statement of Net Position

	Governmental Activities	
	6/30/2021	6/30/2020
Current and Other Assets	\$ 4,697,299	\$ 4,570,805
Capital Assets	6,849,328	7,118,032
Total Assets	11,546,627	11,688,837
 Deferred Outflows of Resources	 3,492,283	 1,186,104
 Current and Other Liabilities	 1,289,964	 1,489,930
Non current Liabilities	13,103,103	12,073,063
Total Liabilities	14,393,067	13,562,993
 Deferred Inflows of Resources	 4,910,587	 6,865,954
 Net Position		
Net Investment in Capital Assets	5,142,208	5,005,156
Restricted	1,389,876	1,403,600
Unrestricted	(10,796,828)	(13,962,762)
Total Net Position	\$ (4,264,744)	\$ (7,554,006)

The District's Governmental net position increased by \$3,289,262 from 2020 to 2021. The largest changes were described above. The Special Revenue Food Service fund balance reflects an increase of \$25,069 from 2020 to 2021 while the Student Activities Fund reported an increase of \$19,519.

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

Fiscal Year Ended June 30, 2021
Statement of Activities

	Governmental Activities	
	6/30/2021	6/30/2020
Revenues		
Program Revenues		
Charges for Services	\$ 423,108	\$ 549,337
Operating and Capital Grants	1,539,119	937,407
General Revenues		
Property Taxes	1,594,422	1,490,166
Specific Ownership Taxes	181,311	165,800
State Equalization	4,223,883	4,617,602
Other	82,355	109,163
Total Revenues	8,044,198	7,869,475
Expenses		
Instruction	2,314,638	2,839,302
Supporting Services	2,411,560	2,687,244
Interest and Fiscal Charges	28,738	33,962
Total Expenses	4,754,936	5,560,508
Increase (Decrease in Net Position)	3,289,262	2,308,967
Net Position, Beginning	(7,554,006)	(9,862,973)
Net Position Ending	\$ (4,264,744)	\$ (7,554,006)

Reporting the District’s Most Significant Funds

Fund financial reports provide detailed information about the District’s major funds. The District’s major funds are the General, Capital Projects Fund, and Bond Redemption Funds.

Governmental Funds. Most of District’s activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District’s governmental funds consist of the General, Capital Projects, Bond Redemption, Food Service, and Student Activities Funds. The General Fund accounts for the majority of the District’s instruction and support operations. The Capital Projects Fund accounts for the District’s capital needs. The Bond Redemption Fund accounts for the repayment of the District’s bonded debt, and the Building Fund will accumulate costs related to the District’s debt financed construction.

Special Revenue Funds (Food Service). The Special Revenue Fund (the food service operation) has historically operated as an enterprise fund using the same basis of accounting as business-type activities; however, beginning June 2015 these statements changed to a Governmental-Type activity.

Special Revenue Funds (Student Activity) As mentioned previously, due to GASB Statement 84, Fiduciary funds are now reported as a Special Revenue Fund in the government-wide financial statement because the resources of those funds are available to be spent by the overseeing sponsor of the program such as the coach or teacher. The Student Activity Agency Fund accounts for student funded activities.

Fund Financial Statements

As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$3,385,227 which is an increase of \$332,363 from the June 30, 2020 balance. The following is additional information by fund which contributed to the change.

General Fund fund balance increased \$477,546 from 2020 to 2021. Overall revenues increased by \$318,805 from the prior year while expenditures increased by \$163,162.

Capital Reserve Capital Project Fund fund balance decreased by \$69,087 from 2020 to 2021. This was due to the district transferring a lesser amount from the General Fund due to the uncertainty of the COVID 19 pandemic.

Bond Redemption Fund fund balance decreased by \$120,684.

Capital Assets

As of June 30, 2021, the District had \$6,849,328 invested in a broad range of capital assets, including buildings and improvements, transportation, and other equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$268,704 from last year.

A summary of the District's Capital Assets activities can be found in footnote 4 on page 17 of the audit report.

Debt Administration

As of June 30, 2021, the District had total outstanding long-term obligations as follows:

	Balance 6/30/2020	Additions	Payments	Balance 6/30/2021	Current Portion
Series 2011 GO Bonds	\$ 1,135,000	\$ -	\$ 270,000	\$ 865,000	\$ 275,000
Series 2011 Certificates of Participation	605,000	-	40,000	565,000	45,000
Capital Leases	282,741	-	56,947	225,794	28,370
PERA Pension Liability	9,348,022	1,456,648	-	10,804,670	-
OPEB Liability	453,317	-	60,482	392,835	-
Compensated Absences	158,848	39,630	-	198,478	-
Total Long-Term Obligations	<u>\$ 11,982,928</u>	<u>\$ 1,496,278</u>	<u>\$ 427,429</u>	<u>\$ 13,051,777</u>	<u>\$ 348,370</u>
Unamortized Bond Premiums	<u>\$ (90,135)</u>	<u>\$ -</u>	<u>\$ (38,809)</u>	<u>\$ (51,326)</u>	<u>\$ -</u>

Additional information related to the District's debt can be found in footnote 7 on page 18 of the audit report.

General Fund Budget

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

General Fund revenues were \$262,982 less than the amount budgeted, with the main difference related to Deferred Grant Revenues. Total General Fund expenditures were 705,707 less than budgeted.

The Future of the District

Factors that will affect next year's budget will mainly revolve around the impact of the COVID-10 pandemic and its consequential effects to both the district's funding sources and a fluctuating student enrollment. It remains to be seen of what will happen with the state budget stabilization factor for the coming years. Since 2009, the budget stabilization factor has taken over \$7.9 million from potential revenues to Peyton School District. In the 2021-2022 school year, Peyton School District's portion of the state budget was decreased by over \$423,000.

The Peyton Woods Manufacturing, Automotive, Hybrid Online School, and the Peyton College Academy continue to expand offerings and continue to attract students from area schools. By charging out of district students a portion of their home districts per pupil revenue, it helps the programs to become more self-sufficient. However, the impact fluctuating enrollment will make it difficult to project actual enrollment numbers in these programs.

The actual (non-averaged) student count has decreased from the previous school year. The 5-year average student count projection for the 2021-2022 school year was estimated to be the slightly lower than the previous year. The decrease in the 5-year average student count is a result the COVID-19 pandemic, which has students opting for e-learning opportunities.

Economically, our district is projecting growth in the next 2-7 years. While Peyton has a very active real estate market, there are currently few new homes being built within the district boundaries and the county has relatively few active real estate listings. The district has been notified of a housing development of 3,200 homes being built entirely within the school district boundary. However, it is not expected to impact enrollment at the school until at least the summer of 2023.

Requests for Information

This financial report is designed to provide a general overview of the Peyton School District 23JT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, 13990 Bradshaw Road, Peyton, Colorado 80831-9003.

BASIC FINANCIAL STATEMENTS

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF NET POSITION
June 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 3,368,055
Restricted Cash and Investments	760,864
Cash Held with County Treasurer	28,037
Taxes Receivable	49,504
Accounts Receivable	487,934
Inventories	2,905
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>6,849,328</u>
TOTAL ASSETS	<u>11,546,627</u>
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions	3,456,714
Related to OPEB	<u>35,569</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,492,283</u>
LIABILITIES	
Accounts Payable	114,674
Accrued Salaries and Benefits	770,263
Unearned Revenue	401,365
Accrued Interest Payable	3,662
Noncurrent Liabilities	
Due Within One Year	348,370
Due in More Than One Year	1,358,750
Compensated Absences	198,478
Net Pension Liability	10,804,670
Net OPEB Liability	<u>392,835</u>
TOTAL LIABILITIES	<u>14,393,067</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	4,763,619
Related to OPEB	<u>146,968</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,910,587</u>
NET POSITION	
Net Investment in Capital Assets	5,142,208
Restricted	1,389,876
Unrestricted	<u>(10,796,828)</u>
TOTAL NET POSITION	<u>\$ (4,264,744)</u>

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

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 2,314,638	\$ 423,108	\$ 321,644	\$ -	\$ (1,569,886)
Supporting Services	2,411,560	-	1,217,475	-	(1,194,085)
Interest and Fiscal Charges	28,738	-	-	-	(28,738)
Total Governmental Activities	<u>4,754,936</u>	<u>423,108</u>	<u>1,539,119</u>	<u>-</u>	<u>(2,792,709)</u>
GENERAL REVENUES					
					1,594,422
					181,311
					4,223,883
					74,325
					8,030
					<u>6,081,971</u>
					CHANGE IN NET POSITION
					3,289,262
					NET POSITION, Beginning
					<u>(7,554,006)</u>
					NET POSITION, Ending
					<u>\$ (4,264,744)</u>

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

PEYTON SCHOOL DISTRICT 23JT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 2,915,796	\$ -	\$ 135,125	\$ 317,134	\$ 3,368,055
Restricted Cash and Investments	-	760,864	-	-	760,864
Cash Held at County Treasurer	26,812	1,225	-	-	28,037
Due From Other Funds	137,250	-	-	-	137,250
Taxes Receivable	42,955	6,549	-	-	49,504
Other Receivables	463,831	-	-	24,103	487,934
Inventory	-	-	-	2,905	2,905
TOTAL ASSETS	\$ 3,586,644	\$ 768,638	\$ 135,125	\$ 344,142	\$ 4,834,549
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 103,294	\$ -	\$ 11,380	\$ -	\$ 114,674
Due To Other Funds	-	-	-	137,250	137,250
Accrued Salaries and Benefits	762,319	-	-	7,944	770,263
Unearned Revenues	386,064	-	-	15,301	401,365
TOTAL LIABILITIES	1,251,677	-	11,380	160,495	1,423,552
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenues	20,570	5,200	-	-	25,770
FUND BALANCES					
Nonspendable	-	-	-	2,905	2,905
Restricted for Emergencies	209,915	-	-	-	209,915
Restricted for Mill Levy Override	416,523	-	-	-	416,523
Restricted for Debt Service	-	763,438	-	-	763,438
Committed for Fund Purpose	-	-	123,745	36,058	159,803
Assigned	-	-	-	144,684	144,684
Unassigned	1,687,959	-	-	-	1,687,959
TOTAL FUND BALANCES	2,314,397	763,438	123,745	183,647	3,385,227
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,586,644	\$ 768,638	\$ 135,125	\$ 344,142	\$ 4,834,549

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2021

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

Total fund balances of governmental funds	\$ 3,385,227
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, Not Depreciated	-	
Capital Assets, Depreciated	14,591,348	
Accumulated Depreciation	<u>(7,742,020)</u>	6,849,328

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	25,770
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Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(916,326)	
COPs Payable	(565,000)	
Capital Lease Payable	(225,794)	
Accrued Interest Payable	(3,662)	
Compensated Absences	(198,478)	
Net Pension Liability	(10,804,670)	
Net OPEB Liability	<u>(392,835)</u>	(13,106,765)

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

Deferred outflows of resources - Change in Proportionate Share	1,424,885	
Deferred outflows of resources - Subsequent Contributions	398,790	
Deferred outflows of resources - Expected vs Actual Experience	593,663	
Deferred outflows of resources - Projected vs Actual Investments Earnings	-	
Deferred outflows of resources - Change in Assumptions	1,039,376	
Deferred inflows of resources - Projected vs Actual Investments Earnings	(2,378,354)	
Deferred inflows of resources - Change in Assumptions	(1,816,174)	
Deferred inflows of resources - Change in Proportionate Share	<u>(569,091)</u>	(1,306,905)

Deferred outflows of resources - Change in Proportionate Share OPEB	11,130	
Deferred outflows of resources - Subsequent Contributions OPEB	20,461	
Deferred outflows of resources - Expected vs Actual Experience OPEB	1,043	
Deferred outflows of resources - Change in Assumptions OPEB	2,935	
Deferred inflows of resources - Projected vs actual investment earnings OPEB	(16,052)	
Deferred inflows of resources - Change in Assumptions OPEB	(24,088)	
Deferred inflows of resources - Change in Proportionate Share OPEB	(20,464)	
Deferred inflows of resources - Expected vs Actual Experience OPEB	<u>(86,364)</u>	(111,399)

Net position of governmental activities	<u>\$ (4,264,744)</u>
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The accompanying notes are an integral part of the financial statements.

PEYTON SCHOOL DISTRICT 23JT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	GENERAL FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 2,006,822	\$ 195,424	\$ 363	\$ 116,714	\$ 2,319,323
State Sources	4,754,849	-	-	2,115	4,756,964
Federal Sources	833,715	-	-	142,167	975,882
TOTAL REVENUES	7,595,386	195,424	363	260,996	8,052,169
EXPENDITURES					
Current					
Instruction	3,836,344	-	-	-	3,836,344
Supporting Services	2,947,089	6,108	-	236,408	3,189,605
Capital Outlay	214,407	-	42,888	-	257,295
Debt Service					
Principal	-	270,000	96,947	-	366,947
Interest	-	40,000	29,615	-	69,615
TOTAL EXPENDITURES	6,997,840	316,108	169,450	236,408	7,719,806
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	597,546	(120,684)	(169,087)	24,588	332,363
OTHER FINANCING SOURCES (USES)					
Transfer Out	(120,000)	-	-	-	(120,000)
Transfer In	-	-	100,000	20,000	120,000
TOTAL OTHER FINANCING SOURCES (USES)	(120,000)	-	100,000	20,000	-
NET CHANGE IN FUND BALANCES	477,546	(120,684)	(69,087)	44,588	332,363
FUND BALANCES, Beginning	1,836,851	884,122	192,832	139,059	3,052,864
FUND BALANCES, Ending	\$ 2,314,397	\$ 763,438	\$ 123,745	\$ 183,647	\$ 3,385,227

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

PEYTON SCHOOL DISTRICT 23JT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds		\$	332,363
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	74,542	
	Depreciation	<u>(343,246)</u>	(268,704)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.			(7,971)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Bond Principal Payments	270,000	
	COPs Principal Payments	40,000	
	Capital Leases Principal Payments	56,947	
	Amortization of Bond Premium	38,809	
	Changes in Accrued Interest Payable	2,068	
	Changes in Compensated Absences	<u>(39,630)</u>	368,194
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	2,831,008	
	Deferred charges related to OPEB	<u>34,372</u>	<u>2,865,380</u>
Change in net position of governmental activities		\$	<u><u>3,289,262</u></u>

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

Assets, Liabilities, and Fund Balance/Net Position

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure. At June 30, 2021, the District reports \$401,365 in unearned revenues, which is related to unspent grant funds.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, were \$770,263. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are not limited to the amount of accumulated leave that can be carried to the next fiscal year. Upon termination of employment, employees are entitled to receive compensation for up to fifty accrued but not used sick days at \$50 per day. These compensated absences are recorded when paid in the governmental fund types. A long-term liability in the amount of \$198,478 has been recorded in the government-wide financial statements for the accrued compensated absences.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

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

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

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

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District reports restricted fund balances in the General Fund for Mill Levy Override Funds. The fund balance of the Bond Redemption Fund is restricted to comply with debt service covenants.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District reports the fund balance in the Food Service Fund and Capital Projects Fund as committed resources for the respective fund purpose as of June 30, 2021.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balance of the Student Activity Fund as assigned because its use has been designated for a specific purpose by the District.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

Risk Management

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

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

Subsequent Events

The District has evaluated events subsequent to the year ended June 30, 2021 through February 22, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

Budgets

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

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

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

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

State Compliance

At June 30, 2021, actual expenditures in the Bond Redemption Fund exceeded budgeted amounts by \$11,508. This may be a violation of state statute.

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consist of the following:

Petty Cash	\$	100
Deposits		3,187,589
Investments		<u>941,230</u>
Total		<u>\$4,128,919</u>

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

Cash and Investments - Unrestricted		\$3,368,055
Cash and Investments - Restricted		<u>760,864</u>
		<u>\$4,128,919</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At June 30, 2021, the District had deposits with financial institutions with a carrying amount of \$3,187,589. The bank balances with the financial institutions were \$3,390,742. Of these balances, \$250,000 was covered by federal depository insurance and \$3,140,742 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Credit Risk

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

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

Local Government Investment Pools

The District had invested \$941,230 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

Restricted Cash

At June 30, 2021, cash in the amount of \$760,864 is restricted in the Bond Redemption Fund to comply with debt service requirements.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 4: CAPITAL ASSETS

	<u>Balance 6/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Capital Asset, Being Depreciated				
Buildings and Improvements	13,214,620	53,369	-	13,267,989
Vehicles and Equipment	<u>1,302,186</u>	<u>21,173</u>	<u>-</u>	<u>1,323,359</u>
Total Capital Assets, Being Depreciated	<u>14,516,806</u>	<u>74,542</u>	<u>-</u>	<u>14,591,348</u>
Accumulated Depreciation				
Buildings and Improvements	6,628,720	279,379	-	6,908,099
Vehicles and Equipment	<u>770,054</u>	<u>63,867</u>	<u>-</u>	<u>833,921</u>
Total Depreciation	<u>7,398,774</u>	<u>343,246</u>	<u>-</u>	<u>7,742,020</u>
Net Capital Assets	<u>\$7,118,032</u>	<u>\$ (268,704)</u>	<u>\$ -</u>	<u>\$6,849,328</u>

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

Governmental Activities	
Instruction	\$ 181,897
Supporting Services	<u>161,349</u>
Total	<u>\$ 343,246</u>

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 5: LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2021:

	Balance 6/30/2020	Additions	Payments	Balance 6/30/2021	Current Portion
Series 2011 GO Bonds	\$ 1,135,000	\$ -	\$ 270,000	\$ 865,000	\$ 275,000
Series 2017 Certificates of Participation	605,000	-	40,000	565,000	45,000
Capital Leases	282,741	-	56,947	225,794	28,370
PERA Pension Liability	9,348,022	1,456,648	-	10,804,670	-
OPEB Liability	453,317	-	60,482	392,835	-
Compensated Absences	158,848	39,630	-	198,478	-
Total Long-Term Obligations	\$ 11,982,928	\$ 1,496,278	\$ 427,429	\$ 13,051,777	\$ 348,370
Unamortized Bond Premiums	\$ (90,135)	\$ -	\$ (38,809)	\$ (51,326)	\$ -

General Obligation Bonds, Series 2011

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

The bonds are repaid through general obligation tax mill collected and remitted through the District's Bond Redemption Fund.

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ 275,000	\$ 29,100	\$ 304,100
2023	290,000	17,800	307,800
2024	300,000	6,000	306,000
Total	\$ 865,000	\$ 52,900	\$ 917,900

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 5: LONG-TERM DEBT (Continued)

Certificate of Participation, Series 2017

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

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

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

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

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

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ 45,000	\$ 17,089	\$ 62,089
2023	45,000	15,671	60,671
2024	45,000	14,253	59,253
2025	50,000	12,757	62,757
2026	50,000	11,183	61,183
2027-2031	270,000	31,501	301,501
2032	60,000	945	60,945
Total	<u>\$ 565,000</u>	<u>\$ 103,399</u>	<u>\$ 668,399</u>

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 5: LONG-TERM DEBT (Continued)

Capital Leases

Bus Lease

On May 17, 2016 the District entered into a lease-purchase agreement to purchase two school buses in the amount of \$154,689. The lease carried an interest rate of 4.34%. Annual lease payments in the amount of \$30,938 were due through August 30, 2020. The lease was paid in full in August of 2020.

HVAC System Lease

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

LED Lights Lease

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

Future minimum lease payments for the leases are as follows:

Year Ended June 30,	Amount
2022	\$ 37,209
2023	37,209
2024	37,209
2025	37,209
2026	37,209
2027-2029	78,073
Future Minimum Lease Payments	264,118
Less Interest	(38,324)
Total	\$ 225,794

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: INTERFUND BALANCES AND TRANSFERS

During the year ended June 30, 2021, the General Fund transferred \$20,000 to the Food Services Fund and \$100,000 to the Capital Projects Fund to cover operating costs and capital expenditures, respectively. At June 30, 2021, the Student Activities Fund owes \$137,250 to the General Fund due to funds that were deposited in the Student Activities Fund in error.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2020. 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 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent 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 percent 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 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent 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.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve

(AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent 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, 2021: 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 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
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	9.88%
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	19.88%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 \$772,210 for the year ended June 30, 2021.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, the District reported a liability of \$10,804,670 for its proportionate share of the net pension liability. 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	\$10,804,670
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$-0-
Total	\$10,804,670

At December 31, 2020, the District’s proportion was 0.0715 percent, which was an increase of 0.0089% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$2,058,798) and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$593,663	N/A
Changes of assumptions or other inputs	\$1,039,376	\$1,816,174
Net difference between projected and actual earnings on pension plan investments	N/A	\$2,378,354
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$1,424,885	\$569,091
Contributions subsequent to the measurement date	\$398,790	N/A
Total	\$3,456,714	\$4,763,619

\$398,790 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, 2022. 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:	
2022	(\$1,850,902)
2023	\$209,822
2024	(\$5,440)
2025	(\$59,175)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–9.70%
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)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹Post-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.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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)	1.25%
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.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent 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 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. 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:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 percent.
- 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. 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. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent 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 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members.

Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$14,738,454	\$10,804,670	\$7,526,531

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

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The District participates The District 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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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.

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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) 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 is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$39,621 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$392,835 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the proportion was 0.0413 percent, which was an increase of 0.0010% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$5,248. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,043	\$86,364
Changes of assumptions or other inputs	\$2,935	\$24,088
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$16,052
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$11,130	\$20,464
Contributions subsequent to the measurement date	\$20,461	N/A
Total	\$35,569	\$146,968

\$20,461 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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:	
2022	(\$32,983)
2023	(\$30,738)
2024	(\$31,145)
2025	(\$28,153)
2026	(\$8,335)
2027	(\$506)

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage	621	232	586

The 2020 Medicare Part A premium is \$458 (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, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

Year	PERACare Medicare	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the District and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	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% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA’s 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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.

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

Pre-retirement mortality assumptions for 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 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent 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:

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent 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 percent 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 mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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	7.10%	8.10%	9.10%
Ultimate PERACare	3.50%	4.50%	5.50%
Initial Medicare Part	2.50%	3.50%	4.50%
Ultimate Medicare	3.50%	4.50%	5.50%
Net OPEB Liability	\$382,682	\$392,835	\$404,655

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 percent.

PEYTON SCHOOL DISTRICT 23JT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

Based on the above assumptions and methods, the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$450,000	\$392,835	\$343,993

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9: **COMMITMENTS AND CONTINGENCIES**

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

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

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

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2021, the emergency reserve of \$209,915 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

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

Jointly Governed Organizations

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

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9: **COMMITMENTS AND CONTINGENCIES** (Continued)

Jointly Governed Organizations (Continued)

For the year ended June 30, 2021, the District received \$92,328 in grant funds from BOCES and paid \$142,245 to BOCES for services.

Peyton-Widefield Vocational Education Partnership (PWVEP)

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

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

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

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

For the year ended June 30, 2021, the District paid \$134,250 to Widefield School District under the terms of the partnership agreement. At June 30, 2021, the District holds a 25.54% equity interest in the partnership assets totaling \$898,184.

NOTE 10: **DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$4,264,744 due to the District including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

PEYTON SCHOOL DISTRICT 23JT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 11: **SUBSEQUENT EVENTS**

COVID19 Pandemic

As a result of the coronavirus pandemic, economic uncertainties may continue to have a significant impact on the financial position, results of operations, and cashflows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 1,286,457	\$ 1,273,898	\$ 1,408,184	\$ 134,286	\$ 1,276,533
Specific Ownership Taxes	119,335	116,826	181,311	64,485	165,800
Earnings on Investments	29,500	8,600	6,452	(2,148)	32,087
Tuition from Individuals	2,038	2,000	875	(1,125)	1,200
Tuition from Other Districts/BOCES	415,000	315,000	318,423	3,423	394,771
Grants and Donations	3,200	13,879	18,155	4,276	32,231
All Other Local Revenue Codes	55,631	31,422	73,422	42,000	45,064
Total Local Sources	1,911,161	1,761,625	2,006,822	245,197	1,947,686
State Sources					
State Equalization	4,254,531	4,184,127	4,223,883	39,756	4,617,602
Small Rural Schools	-	292,720	36,575	(256,145)	136,231
Early Literacy Grant	-	119,598	94,083	(25,515)	104,663
Exceptional Children's Educational Act	-	126,284	69,267	(57,017)	16,662
Transportation	-	87,067	91,790	4,723	87,785
PERA On Behalf Revenue	-	-	-	-	89,804
CDE Mitigation	-	50,794	50,524	(270)	-
All Other State Revenue	615,892	237,758	188,727	(49,031)	119,257
Total State Sources	4,870,423	5,098,348	4,754,849	(343,499)	5,172,004
Federal Sources					
Title I	454,973	75,858	68,949	(6,909)	83,797
Title IIA	-	19,221	17,745	(1,476)	8,928
Title IV	-	21,895	9,078	(12,817)	1,679
Title VIII Impact Aid	-	5,296	6,128	832	-
Carl Perkins Grant	-	110,000	19,819	(90,181)	45,155
Cares Act	-	337,955	337,955	-	6,418
Education Stabilization Grants	-	391,021	327,664	(63,357)	-
All Other Federal Revenue	-	37,149	46,377	9,228	10,914
Total Federal Sources	454,973	998,395	833,715	(164,680)	156,891
TOTAL REVENUES	7,236,557	7,858,368	7,595,386	(262,982)	7,276,581
EXPENDITURES					
Instruction					
Salaries	2,704,455	2,724,549	2,641,206	83,343	2,611,490
Employee Benefits	795,485	861,306	729,195	132,111	690,185
Purchased Services	253,960	287,636	278,589	9,047	230,055
Supplies and Materials	294,876	270,091	166,132	103,959	227,696
Property	46,256	154,258	135,906	18,352	17,873
Other Objects and Uses	7,000	7,000	21,222	(14,222)	7,951
Total Instruction	4,102,032	4,304,840	3,972,250	332,590	3,785,250

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Student Services					
Salaries	258,526	260,617	298,124	(37,507)	269,924
Employee Benefits	67,937	67,967	76,804	(8,837)	64,575
Purchased Services	6,130	6,130	1,491	4,639	6,065
Supplies and Materials	5,501	5,501	4,469	1,032	6,574
Other Objects and Uses	250	250	3,375	(3,125)	390
Total Students	<u>338,344</u>	<u>340,465</u>	<u>384,263</u>	<u>(43,798)</u>	<u>347,528</u>
Instructional Staff					
Salaries	45,967	46,244	45,721	523	45,414
Employee Benefits	15,251	15,255	14,135	1,120	13,421
Purchased Services	7,200	7,200	1,045	6,155	3,613
Supplies and Materials	5,500	9,000	3,624	5,376	6,738
Property	2,500	2,500	1,277	1,223	1,704
Total Instructional Staff	<u>76,418</u>	<u>80,199</u>	<u>65,802</u>	<u>14,397</u>	<u>70,890</u>
General Administration					
Salaries	255,075	256,634	234,608	22,026	316,512
Employee Benefits	75,507	76,593	66,548	10,045	154,709
Purchased Services	131,280	132,980	89,813	43,167	86,109
Supplies and Materials	6,300	6,300	12,222	(5,922)	4,747
Property	5,813	5,813	1,799	4,014	2,948
Other Objects and Uses	14,630	14,630	11,241	3,389	18,221
Total General Administration	<u>488,605</u>	<u>492,950</u>	<u>416,231</u>	<u>76,719</u>	<u>583,246</u>
School Administration					
Salaries	223,902	248,552	277,435	(28,883)	248,738
Employee Benefits	60,824	66,692	68,806	(2,114)	61,918
Purchased Services	28,462	28,462	26,518	1,944	26,980
Supplies and Materials	10,000	10,000	6,469	3,531	9,462
Property	38,240	38,240	57,493	(19,253)	95,639
Other Objects and Uses	1,120	1,120	2,980	(1,860)	2,980
Total School Administration	<u>362,548</u>	<u>393,066</u>	<u>439,701</u>	<u>(46,635)</u>	<u>445,717</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Administration					
Salaries	118,598	119,438	119,758	(320)	115,736
Employee Benefits	32,753	36,773	35,442	1,331	30,825
Purchased Services	208,380	334,434	189,867	144,567	134,090
Supplies and Materials	2,500	9,599	10,872	(1,273)	1,975
Total Business Services	<u>362,231</u>	<u>500,244</u>	<u>355,939</u>	<u>144,305</u>	<u>282,626</u>
Operations and Maintenance					
Salaries	299,786	308,484	284,752	23,732	290,388
Employee Benefits	94,407	98,420	91,603	6,817	84,918
Purchased Services	175,445	175,445	71,565	103,880	79,838
Supplies and Materials	295,868	296,901	330,712	(33,811)	276,803
Property	5,050	9,768	16,708	(6,940)	5,719
Other Objects and Uses	200	200	299	(99)	-
Total Operations and Maintenance	<u>870,756</u>	<u>889,218</u>	<u>795,639</u>	<u>93,579</u>	<u>737,666</u>
Student Transportation					
Salaries	305,935	307,397	253,412	53,985	277,658
Employee Benefits	91,996	92,017	71,446	20,571	78,784
Purchased Services	20,096	20,096	17,156	2,940	11,533
Supplies and Materials	109,500	109,500	63,899	45,601	71,801
Property	16,250	16,250	1,224	15,026	6,158
Other Objects and Uses	1,500	1,500	86	1,414	75
Total Student Transportation	<u>545,277</u>	<u>546,760</u>	<u>407,223</u>	<u>139,537</u>	<u>446,009</u>
Central Support					
Purchased Services	<u>155,805</u>	<u>155,805</u>	<u>160,792</u>	<u>(4,987)</u>	<u>135,746</u>
Total Central Support	<u>155,805</u>	<u>155,805</u>	<u>160,792</u>	<u>(4,987)</u>	<u>135,746</u>

(Continued)

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
Total Supporting Services	3,199,984	3,398,707	3,025,590	373,117	3,049,428
RESERVES					
Operating Reserve	6,600	103,560	-	103,560	-
Restricted Reserves	203,087	309,563	-	309,563	-
Emergency Reserves	214,000	209,915	-	209,915	-
TOTAL RESERVES	423,687	623,038	-	623,038	-
TOTAL EXPENDITURES	7,725,703	8,326,585	6,997,840	1,328,745	6,834,678
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(489,146)	(468,217)	597,546	1,065,763	441,903
OTHER FINANCING (USES)					
Transfers Out	(145,750)	(257,250)	(120,000)	137,250	(225,000)
TOTAL OTHER FINANCING (USES)	(145,750)	(257,250)	(120,000)	137,250	(225,000)
CHANGE IN FUND BALANCE	(634,896)	(725,467)	477,546	1,203,013	216,903
FUND BALANCES, Beginning	1,619,948	1,836,851	1,836,851	-	1,619,948
FUND BALANCES, Ending	<u>\$ 985,052</u>	<u>\$ 1,111,384</u>	<u>\$ 2,314,397</u>	<u>\$ 1,203,013</u>	<u>\$ 1,836,851</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0715%	0.0626%	0.0642%	0.0740%	0.0763%	0.0762%	0.0731%	0.0720%
Proportionate Share of the Net Pension Liability (Asset)	\$ 10,804,670	\$ 9,348,022	\$ 11,364,471	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	-	1,185,678	1,553,932	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 10,804,670	\$ 10,533,700	\$ 12,918,403	\$ 23,928,238	\$ 22,710,935	\$ 11,658,790	\$ 9,902,369	\$ 9,184,540
Covered payroll	\$ 3,823,022	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.6%	257.8%	366.13%	701.00%	735.61%	375.39%	323.52%	310.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

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

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 772,210	\$ 754,041	\$ 674,972	\$ 635,922	\$ 559,735	\$ 538,232	\$ 502,886	\$ 459,595
Contributions in Relation to the Contractually Required Contributions	772,210	754,041	674,972	635,922	559,735	538,232	502,886	459,595
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,884,363	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341	\$ 3,105,782	\$ 3,060,779	\$ 2,959,401
Contributions as a Percentage of Covered Payroll	19.88%	19.36%	19.13%	18.63%	18.13%	17.33%	16.43%	15.53%

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

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability (Asset)	0.0413%	0.0403%	0.0417%	0.0420%	0.0434%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 392,835	\$ 453,317	\$ 567,586	\$ 546,419	\$ 562,143
Covered payroll	\$ 3,823,022	\$ 3,626,369	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.28%	12.50%	16.09%	16.01%	18.21%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

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

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

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

Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 39,621	\$ 39,726	\$ 35,989	\$ 34,817	\$ 31,491
Contributions in Relation to the Contractually Required Contributions	<u>39,621</u>	<u>39,726</u>	<u>35,989</u>	<u>34,817</u>	<u>31,491</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered payroll	\$ 3,884,363	\$ 3,894,697	\$ 3,528,343	\$ 3,413,430	\$ 3,087,341
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditor's report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

PEYTON SCHOOL DISTRICT 23JT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
ASSETS			
Cash and Investments	\$ 35,200	\$ 281,934	\$ 317,134
Accounts Receivable	24,103	-	24,103
Inventory	2,905	-	2,905
TOTAL ASSETS	<u>\$ 62,208</u>	<u>\$ 281,934</u>	<u>\$ 344,142</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Salaries and Benefits	\$ 7,944	\$ -	\$ 7,944
Due To Other Funds	-	137,250	137,250
Unearned Revenue	15,301	-	15,301
TOTAL LIABILITIES	<u>23,245</u>	<u>137,250</u>	<u>160,495</u>
FUND EQUITY			
Fund Balance			
Nonspendable	2,905	-	2,905
Committed for Fund Purpose	36,058	-	36,058
Assigned	-	144,684	144,684
TOTAL FUND EQUITY	<u>38,963</u>	<u>144,684</u>	<u>183,647</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 62,208</u>	<u>\$ 281,934</u>	<u>\$ 344,142</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTALS
REVENUES			
Local Sources	\$ 1,279	\$ 115,435	\$ 116,714
State Sources	2,115	-	2,115
Federal Sources	142,167	-	142,167
	<u>145,561</u>	<u>115,435</u>	<u>260,996</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Supporting Services	140,492	95,916	236,408
	<u>140,492</u>	<u>95,916</u>	<u>236,408</u>
TOTAL EXPENDITURES			
	<u>5,069</u>	<u>19,519</u>	<u>24,588</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
OTHER FINANCING SOURCES (USES)			
Transfers In	20,000	-	20,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>
TOTAL OTHER FINANCING SOURCES			
	25,069	19,519	44,588
NET CHANGE IN FUND BALANCES			
FUND BALANCES, Beginning	13,894	125,165	139,059
	<u>\$ 38,963</u>	<u>\$ 144,684</u>	<u>\$ 183,647</u>
FUND BALANCES, Ending			

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICE FUND

Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ 59,477	\$ 6,070	\$ 376	\$ (5,694)	\$ 47,969
Grants and Donations	-	-	-	-	774
Other	1,900	-	903	903	2,089
State and Federal Sources					
School Lunches	48,902	10,888	16,848	5,960	39,502
Food Loss Reimbursement	-	30	661	631	-
School Breakfast	250	-	-	-	213
School Summer Food	12,000	100,000	114,263	14,263	-
Commodity Donations		12,000	11,056	(944)	10,042
State Match	3,300	1,454	1,454	-	1,442
TOTAL REVENUES	125,829	130,442	145,561	15,119	102,031
EXPENDITURES					
Salaries	56,000	56,000	55,766	234	59,620
Benefits	13,077	13,077	12,583	494	12,632
Purchased Services	1,802	1,000	255	745	2,363
Food	69,400	65,800	59,968	5,832	49,504
Other Supplies	1,000	4,600	10,657	(6,057)	3,305
Other Objects and Uses	870	850	1,263	(413)	679
TOTAL EXPENDITURES	142,149	141,327	140,492	835	128,103
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,320)	(10,885)	5,069	15,954	(26,072)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	20,000	20,000	-	25,000
CHANGE IN FUND BALANCE	(16,320)	9,115	25,069	15,954	(1,072)
FUND BALANCES, Beginning	16,320	13,894	13,894	-	14,966
FUND BALANCES, Ending	\$ -	\$ 23,009	\$ 38,963	\$ 15,954	\$ 13,894

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 STUDENT ACTIVITY FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ 140,000	\$ 140,000	\$ 103,434	\$ (36,566)	\$ 105,397
Grants and Donations	-	-	12,001	12,001	26,996
TOTAL REVENUES	140,000	140,000	115,435	(24,565)	132,393
EXPENDITURES					
Supporting Services					
Materials and Supplies	140,000	125,165	95,916	29,249	117,807
TOTAL EXPENDITURES	140,000	125,165	95,916	29,249	117,807
CHANGE IN FUND BALANCE	-	14,835	19,519	4,684	14,586
FUND BALANCE, Beginning	110,580	110,580	125,165	14,585	110,579
FUND BALANCE, Ending	\$ 110,580	\$ 125,415	\$ 144,684	\$ 19,269	\$ 125,165

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 BOND REDEMPTION FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 150,000	\$ 100,000	\$ 194,209	\$ 94,209	\$ 179,892
Other Taxes	260	260	-	260	-
Earnings on Investments	15,000	2,000	1,215	(785)	16,613
TOTAL REVENUES	165,260	102,260	195,424	93,684	196,505
EXPENDITURES					
Purchased Services	-	-	6,108	(6,108)	-
Debt Service					
Principal	275,000	270,000	270,000	-	255,000
Interest	34,600	34,600	40,000	(5,400)	50,500
TOTAL EXPENDITURES	309,600	304,600	316,108	(11,508)	305,500
CHANGE IN FUND BALANCE	(144,340)	(202,340)	(120,684)	82,176	(108,995)
FUND BALANCE, Beginning	914,196	884,122	884,122	-	993,117
FUND BALANCE, Ending	<u>\$ 769,856</u>	<u>\$ 681,782</u>	<u>\$ 763,438</u>	<u>\$ 82,176</u>	<u>\$ 884,122</u>

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Earnings on Investments	\$ 3,205	\$ 501	\$ 363	\$ (138)	\$ 3,259
Other	-	-	-	-	10,051
State Sources					
Capital Construction	-	-	-	-	77,409
TOTAL REVENUES	3,205	501	363	(138)	90,719
EXPENDITURES					
Supporting Services					
Purchased Services	1,500	1,500	-	1,500	1,500
Property	122,571	203,136	42,888	160,248	357,164
Debt Service					
Principal	105,675	105,675	96,947	8,728	94,614
Interest	23,900	23,900	29,615	(5,715)	33,179
TOTAL EXPENDITURES	253,646	334,211	169,450	164,761	486,457
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(250,441)	(333,710)	(169,087)	164,623	(395,738)
OTHER FINANCING SOURCES (USES)					
Transfers In	145,750	145,750	100,000	(45,750)	200,000
CHANGE IN FUND BALANCE	(104,691)	(187,960)	(69,087)	118,873	(195,738)
FUND BALANCE, Beginning	150,000	192,832	192,832	-	388,570
FUND BALANCE, Ending	\$ 45,309	\$ 4,872	\$ 123,745	\$ 118,873	\$ 192,832

See the accompanying independent auditor's report.



Colorado Department of Education
Auditors Integrity Report
 District: 1060 – Peyton 23 Jt
 Fiscal Year 2020-21
 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	1,836,850		7,475,387	6,997,840		2,314,397
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	1,836,850		7,475,387	6,997,840		2,314,397
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	13,894		160,963	135,895		38,963
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	125,165		115,436	95,916		144,684
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	884,123		195,423	316,108		763,438
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	192,833		100,363	169,451		123,745
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	3,052,864		8,047,573	7,715,209		3,385,227
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

COMPLIANCE



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

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

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

Board of Education
Peyton School District 23JT
Peyton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peyton School District 23JT (the "District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PB Solutions LLC

February 22, 2022

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

Board of Education
Peyton School District 23JT
Peyton, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Peyton School District 23JT's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Peyton School District 23JT's major federal programs for the year ended June 30, 2021. The Peyton School District 23JT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Peyton School District 23JT's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Peyton School District 23JT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Peyton School District 23JT's compliance.

Opinion on Each Major Federal Program

In our opinion, Peyton School District 23JT has complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Peyton School District 23JT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Peyton School District 23JT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Peyton School District 23JT's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

PB Solutions LLC

February 22, 2022

PEYTON SCHOOL DISTRICT 23JT
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identification Number	Total Federal Expenditures
<u>U. S. Department of Treasury</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Coronavirus Relief Fund - COVID 19	21.019	4012	\$ 337,955
Coronavirus Relief Fund - COVID 19	21.019	5012	<u>10,235</u>
Total U.S. Department of Treasury			<u>348,190</u>
<u>U. S. Department of Education</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	4010	68,949
Career and Technical Education - Basic Grants to States	84.048	4048	19,819
Impact Aid	84.041	4041	6,128
Rural Education Initiatives	84.358	4358	38,155
Supporting Effective Instruction State Grants, Title II, Part A	84.367	4367	17,745
Student Support and Academic Enrichment Program	84.424	4424	9,078
Education Stabilization Fund - COVID 19	84.425	4414	15,861
Education Stabilization Fund - COVID 19	84.425	4420	63,804
Education Stabilization Fund - COVID 19	84.425	4425	55,390
Education Stabilization Fund - COVID 19	84.425	6425	<u>192,609</u>
Total U.S. Department of Education			<u>487,538</u>
<u>U. S. Department of Agriculture</u>			
<i>Passed-Through the Colorado Department of Education</i>			
National School Lunch Program	(1) 10.555	4555	16,848
Summer Food Service Program - COVID 19	(1) 10.559	4559	114,263
<i>Passed-Through the Colorado Department of Human Services Food Distribution</i>			
Commodity Supplemental Food Program	(1) 10.555	none	<u>11,056</u>
Total U.S. Department of Agriculture			<u>142,167</u>
Total Expenditures of Federal Awards			<u>\$ 977,895</u>

(1) Part of the Child Nutrition Cluster, total Cluster expenditures 142,167

See the accompanying independent auditor's report.

PEYTON SCHOOL DISTRICT 23JT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District. The Schedule includes federally funded amounts of pass-through awards received by the District through the State of Colorado. The information this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule represents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in position or cash flows of the District.
2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. The District has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2021, the District did not pass through any federal funds to subrecipients.
4. For federal awards expended by the District as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
5. Commodities donated to the Organization by the U.S. Department of Agriculture (USDA) are valued based on the USDA's Donated Commodity Price List. The commodities are recognized as revenue when received. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The Organization recognized noncash awards of \$11,056 for the year ended June 30, 2021.

PEYTON SCHOOL DISTRICT 23JT

Schedule Findings and Questioned Costs
For the year ended June 30, 2021

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings

No findings noted.