

**FOWLER SCHOOL DISTRICT R4J
FOWLER, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORTS**

**For the Year Ended
June 30, 2022**

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INTRODUCTORY SECTION

**FOWLER SCHOOL DISTRICT R4J
FOWLER, COLORADO**

ROSTER OF SCHOOL OFFICIALS

Year Ended June 30, 2022

Board Of Education

Eric Larson - President

Justin Osborne - Vice-President

Douglas Arnold – Member

Tarren Buford - Member

Dorothy K. Sallee - Member

Administrative Staff

Alfred B. Lotrich - Superintendent

Michael R. Thomas - Secretary/Treasurer

FOWLER SCHOOL DISTRICT R4J

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FINANCIAL SECTION

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

Management's Discussion and Analysis

As management of the Fowler School District R-4J, we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditor's report.

Financial Highlights

- The primary government has government-wide net position totaling (\$3,223,177) at the end of the current fiscal year, which is a change of net position of (\$2,416,085) from the prior year. The negative amount is primarily due to the requirement to report pension liabilities from the Public Employees Retirement Association (PERA).
- Governmental activities unrestricted net position is (\$3,361,896). Again, this is due primarily to the reporting requirement of the Public Employees Retirement Association (PERA) pension liability,
- Fund balance of the District's governmental funds increased by \$624,590 resulting in an ending fund balance of \$3,595,494.

Overview of the Financial Statements

The Management's discussion and analysis is intended to be an introduction into the District's basic financial statements. The Fowler School District R-4J basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to basic financial statements

The Management's discussion and analysis also contains other supplemental information.

Government-Wide Financial Statements

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Changes in net position from year-to-year may be used as an indicator of the overall financial position of the District. A summary of the District's net assets is as follows:

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

TABLE I – CONDENSED SUMMARY OF NET POSITION

	2022	2021
Assets:		
Current Assets	\$ 4,522,912	\$ 3,556,101
Capital Assets – Net	4,383,413	4,344,519
Deferred Outflows of Resources	1,607,432	2,556,169
Capital Assets & Deferred Outflows of Financial Resources	<u>10,513,757</u>	<u>10,456,789</u>
Liabilities:		
Current Liabilities	927,418	585,198
Non-current Liabilities	9,865,586	7,429,693
Deferred Inflows of Resources	2,943,930	3,251,991
Total Liabilities & Deferred Inflows of Financial Resources	<u>13,736,934</u>	<u>11,266,882</u>
Net Position:		
Net Invested in Capital Assets	(321,609)	4,344,519
Restricted	460,328	276,382
Unrestricted Net Position	<u>(3,361,896)</u>	<u>(5,430,994)</u>
Total Net Position(Deficit)	<u>(3,223,177)</u>	<u>(810,093)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 10,513,757</u>	<u>\$ 10,456,789</u>

Significant changes from the prior year include an increase in capital assets of \$38,894, an increase in current liabilities of \$342,221 due primarily to unearned grant revenue, and an increase in noncurrent liabilities of \$2,435,893. Overall net position decreased \$2,417,585 for governmental activities.

The statement of net position presents the current fiscal year revenues and expenses to show how the net assets of the district changed during the year. In the statement of activities, changes in net assets are recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in future fiscal years.

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

Revenue in the form of property and specific ownership taxes, as well as State Equalization received, increased by approximately \$804,141 for governmental activities. A summary of the District’s activities is as follows:

TABLE 2 – CONDENSED STATEMENT OF ACTIVITIES

	<u>2022</u>	<u>2021</u>
Program Revenues:		
Charges for Services	\$ 89,491	\$ 97,995
Operating Grants	1,038,902	1,392,851
Capital Grants and Contributions	-	-
Total Program Revenues	<u>1,128,393</u>	<u>1,490,846</u>
General Revenues:		
Taxes	1,270,318	833,309
State Equalization	3,306,574	2,939,442
Investment Earnings	4,785	7,043
Gain (Loss) on Capital Asset Disposals	10,000	-
Miscellaneous Revenues	<u>215,319</u>	<u>131,373</u>
Total General Revenues	<u>4,806,996</u>	<u>3,911,167</u>
Total Revenues	<u>5,935,389</u>	<u>5,402,013</u>
Expenses:		
Instruction	2,219,547	1,947,580
Supporting Services	<u>6,128,927</u>	<u>1,294,083</u>
Total Expenses	<u>8,348,474</u>	<u>3,241,663</u>
Change in Net Position	(2,413,085)	2,160,350
Net Position - Beginning	<u>(810,093)</u>	<u>(2,970,443)</u>
Net Position Ending	<u>\$ (3,223,178)</u>	<u>\$ (810,093)</u>

Governmental activities consolidate all of the following Fowler School District R-4J funds: general fund, insurance reserve fund, preschool fund, pupil activity fund, food services fund, capital reserve fund and bond redemption fund.

Fund Financial Statements

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. The Fowler School District R-4J, like other governments, uses fund accounting to guarantee and prove compliance. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds.

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). Such information is used to evaluate the District's short-term financing requirements. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's near-term financing decisions.

Fowler School District R-4J maintains two different governmental funds which are major funds: the general fund (which combines the District's general operating fund, insurance reserve fund, and preschool fund), capital projects fund and bond redemption fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other governmental funds. The District does present the food services fund and the pupil activity fund as non-major funds.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information and can be found after the notes section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the District for parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the sources of those funds are not available to support Fowler School District R-4J direct educational programs. The accounting methods used for fiduciary funds are much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to understanding the data supplied in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's capital projects, food services, pupil activity, debt service and fiduciary funds.

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

Financial Analysis of the Government's Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of Fowler School District's R-4J net resources available for spending at the end of the fiscal year.

The combined general fund is the largest governmental fund of Fowler School District R-4J. The combined general fund under GASB 34 reporting requirements includes the general fund, insurance reserve fund and preschool fund. As of June 30, 2022, the combined general fund shows an ending fund balance of \$2,306,508, which is an increase of \$128,555 from the prior year, the Capital Reserve Fund balance increased by \$7,639 to \$206,639, the new Building Fund is \$265,147, the Pupil Activity Fund decreased by \$8,585 to \$251,606, the Bond Redemption Fund ending fund balance increased by \$166,946 to \$314,328 and the Food Service Fund increased by \$64,888 to \$251,266.

General Fund Budgetary Highlights

Fowler School District R-4J began budget development for the 2021-2022 fiscal year in January of 2021 with preliminary analysis of salary requirements. After reviewing enrollment projections and the most current revenue assumptions, the superintendent and his senior staff prepared a preliminary budget by prioritizing the needs expressed in the February hearings' process. The preliminary budget was presented to the Board of Education in May. Adoption of the 2021-2022 District budget occurred in June 2021. A supplemental budget was adopted in January 2022.

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$4,383,413. This is a total cost of \$10,597,787 less accumulated depreciation of \$6,214,374.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 118,634	\$ -	\$ -	\$ 118,634
Construction in Progress	-	259,349	-	259,349
Total Assets not being depreciated	<u>118,634</u>	<u>259,349</u>	<u>-</u>	<u>377,983</u>
Assets being depreciated:				
Buildings and Improvements	8,506,287	14,540	-	8,520,827
Transportation equipment	589,108	-	93,778	495,330
Other equipment	1,162,731	5,365	-	1,168,096
Food service equipment	35,551	-	-	35,551
Total Assets being depreciated	<u>10,293,677</u>	<u>19,905</u>	<u>93,778</u>	<u>10,219,804</u>
Accumulated depreciation:				
Buildings	(4,607,202)	(195,017)	-	(4,802,219)
Transportation equipment	(412,918)	(23,424)	(93,778)	(342,564)
Other equipment	(1,042,116)	(20,348)	-	(1,062,464)
Food service equipment	(5,556)	(1,571)	-	(7,127)
Total Accumulated depreciation	<u>(6,067,792)</u>	<u>(240,360)</u>	<u>(93,778)</u>	<u>(6,214,374)</u>
Net Capital Assets	<u>\$ 4,344,519</u>	<u>\$ 38,894</u>	<u>\$ -</u>	<u>\$ 4,383,413</u>

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

At June 30, 2022, Fowler School District R-4J had \$5,013,548 of bonded debt outstanding, which is an increase of \$4,747,150 from the prior year. Additional information on the District's capital assets can be found on page 21 of this report.

	<u>Balance 06/30/21</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance 06/30/22</u>	<u>Due Within One Year</u>	<u>Interest Expense</u>
Series 2012 Gen. Oblig. Bonds	\$ 140,000	\$ -	\$ 140,000	\$ -	\$ -	\$ 1,400
Seres 2012 Bond Premiums	5,017	-	5,017	-	-	-
Series 2021 Matching Money Bonds	-	4,900,000	-	4,900,000	194,978	57,755
Compensated Absences	121,381	(7,833)	-	113,548	-	-
Total Long-Term Obligations	<u>\$ 266,398</u>	<u>\$ 4,892,167</u>	<u>\$ 145,017</u>	<u>\$ 5,013,548</u>	<u>\$ 194,978</u>	<u>\$ 59,155</u>

Economic Factors and Next Year's Budget

Exciting things are happening at the Fowler School District R-4J. A new secondary building is going to be constructed. This is possible due to the fact that the voters of the district approved a \$4,900,000.00 bond, the district being awarded a \$31,958,947.38 BEST grant, a \$2,339,022.72 BEST supplemental grant, and district contributions of \$100,042.90 for a total of \$39,298,013.00. The new secondary school should be available in late 2023. In addition to the new secondary school, the Fowler School District R-4J applied for another BEST grant to replace the current high school gymnasium roof. This BEST grant was also awarded in the amount of \$619,183.19 with the district contributing \$154,795.79 for a total project cost of \$773,979.00.

Student enrollment is expected to stay flat or be slightly lower as is the case for many school districts in the area. Fortunately, the State of Colorado is appropriating more dollars per student. The legislature also apportioned to small, rural districts \$35 million for the 2022-23 school year. Fowler School District R-4J's allocation of this grant will be \$172,703.08. This grant money is set to sunset after this fiscal year and will be allocated to the new UPK program. In addition, the District has already received several other grants that will be expended in the 2022-2023 school year. The Fowler School District R-4J Board of Directors voted to give salary increases on the salary schedule base and also gave steps for the 2021-22 school year. Health insurance premiums continue to rise for which the district is splitting the increased premium costs with its employees. In these uncertain times, it will be imperative to continue to keep a good grasp on the financial condition of the District.

Given these circumstances, the 2021-22 year was a challenging fiscal year. Continued reserve growth is an ongoing financial goal of the District. The upcoming 2022-23 fiscal year will continue to be a challenge in balancing the needs of the students and staff of Fowler School District R-4J and the needs for fiscal stewardship. Teamwork is the key to continued financial stability.

FOWLER SCHOOL DISTRICT R-4J

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

Requests for Information

This financial report is designed to provide a general overview of the Fowler School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Michael R. Thomas, District Secretary/Treasurer
600 W. Eugene
P.O. Box 218
Fowler, CO 81039

or

Alfred B. Lotrich, Superintendent/Elementary Principal
600 W. Eugene
P.O. Box 218
Fowler, CO 81039

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Fowler School District R-4J
Fowler, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fowler School District R-4J, as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise Fowler School District R-4J's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fowler School District R-4J as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Fowler School District R-4J and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fowler School District R-4J's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

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

FOWLER SCHOOL DISTRICT R4J

Independent Auditors' Report

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fowler School District R-4J's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Fowler School District R-4J's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Fowler School District R-4J's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

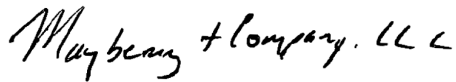
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fowler School District R-4J's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Accounting Standards

In accordance with *Governmental Accounting Standards* on our consideration of the Fowler School 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 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 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 Wiggins School District's internal control over financial reporting and compliance.



Englewood, CO
February 28, 2023

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Basic Financial Statements

FOWLER SCHOOL DISTRICT R-4J
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Current Assets	
Cash and Investments	\$ 4,041,825
Cash with Fiscal Agent	31,279
Taxes Receivable	20,973
Grants Receivable	374,205
Other Accounts Receivable	42,358
Inventory	12,272
Capital and Other Assets	
Capital Assets not Being Depreciated	377,983
Capital Assets Being Depreciated	10,219,804
Accumulated Depreciation	<u>(6,214,374)</u>
Total Assets	<u>8,906,325</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	1,583,952
Net OPEB Deferred Outflows	<u>23,480</u>
Total Deferred Outflows of Financial Resources	<u>1,607,432</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 10,513,757</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 233,127
Accrued Salaries & Benefits	391,978
Unearned Revenue	6,744
Unearned Revenue Grants	295,569
Noncurrent Liabilities	
Due Within One Year	194,978
Due In More Than One Year	<u>9,670,608</u>
Total Liabilities	<u>10,793,004</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	2,855,254
Net OPEB Deferred Inflows	<u>88,676</u>
Total Deferred Inflows of Financial Resources	<u>2,943,930</u>
Net Position	
Net Investment in Capital Assets	(321,609)
Restricted Net Position	460,328
Unrestricted Net Position	<u>(3,361,896)</u>
Total Net Position	<u>(3,223,177)</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 10,513,757</u>

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

FOWLER SCHOOL DISTRICT R-4J
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Primary Government					
Governmental Activities					
Instruction	\$ 2,219,547	\$ 1,550	\$ 272,923	\$ -	\$ (1,945,074)
Supporting Services	6,128,927	87,941	765,979	-	(5,275,007)
Total Primary Government	<u>\$ 8,348,474</u>	<u>\$ 89,491</u>	<u>\$ 1,038,902</u>	<u>\$ -</u>	<u>(7,220,081)</u>
General Revenues					
Property Taxes					1,117,385
Specific Ownership Taxes					152,933
State Equalization					3,306,574
Investment Earnings					4,785
Gain (Loss) on Capital Asset Disposals					10,000
Insurance Proceeds					3,682
Other Revenues					211,637
Total General Revenues					<u>4,806,996</u>
Change in Net Position					(2,413,085)
Beginning Net Position					(810,092)
Ending Net Position					<u>\$ (3,223,177)</u>

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

FOWLER SCHOOL DISTRICT R-4J
 Balance Sheet
 Governmental Funds
 June 30, 2022

	General Fund	Special Revenue		Debt Service
		Food Service Fund	Pupil Activity Fund	Bond Redemption Fund
ASSETS				
Cash and Investments	\$ 2,752,271	\$ 196,089	\$ 251,606	\$ 370,073
Cash with Fiscal Agent	27,005	-	-	4,274
Taxes Receivable	14,043	-	-	6,930
Grants Receivable	336,093	38,112	-	-
Other Accounts Receivable	26,628	15,730	-	-
Inventory	-	12,272	-	-
TOTAL ASSETS	<u>\$ 3,156,040</u>	<u>\$ 262,203</u>	<u>\$ 251,606</u>	<u>\$ 381,277</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Accounts Payable	166,178	-	-	66,949
Accrued Salaries & Benefits	387,785	4,193	-	-
Unearned Revenue	-	6,744	-	-
Unearned Revenue Grants	295,569	-	-	-
Total Liabilities	<u>849,532</u>	<u>10,937</u>	<u>-</u>	<u>66,949</u>
Deferred Inflows of Financial Resources				
Fund Balance				
Nonspendable Fund Balance	-	12,272	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	-	314,328
Restricted for TABOR Emergencies	146,000	-	-	-
Committed Fund Balance	-	238,994	251,606	-
Unassigned Fund Balance	2,160,508	-	-	-
Total Fund Balance	<u>2,306,508</u>	<u>251,266</u>	<u>251,606</u>	<u>314,328</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,156,040</u>	<u>\$ 262,203</u>	<u>\$ 251,606</u>	<u>\$ 381,277</u>

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

Capital Projects		Totals	
Building Fund	Capital Reserve	2022	2021
	Project Fund		
\$ 265,147	\$ 206,639	\$ 4,041,825	\$ 3,205,672
-	-	31,279	70,798
-	-	20,973	18,748
-	-	374,205	198,342
-	-	42,358	48,321
-	-	12,272	14,220
<u>\$ 265,147</u>	<u>\$ 206,639</u>	<u>\$ 4,522,912</u>	<u>\$ 3,556,101</u>
-	-	233,127	22,292
-	-	391,978	388,939
-	-	6,744	9,521
-	-	295,569	164,445
-	-	927,418	585,197
-	-	12,272	14,220
-	-	314,328	147,382
-	-	146,000	129,000
265,147	206,639	962,386	631,350
-	-	2,160,508	2,048,952
<u>265,147</u>	<u>206,639</u>	<u>3,595,494</u>	<u>2,970,904</u>
<u>\$ 265,147</u>	<u>\$ 206,639</u>	<u>\$ 4,522,912</u>	<u>\$ 3,556,101</u>

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FOWLER SCHOOL DISTRICT R-4J
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2022

Fund Balance - Governmental Funds		\$	3,595,494
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	377,983	
Capital assets, being depreciated		10,219,804	
Accumulated depreciation		<u>(6,214,374)</u>	4,383,413
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
Pension Liability			
Net pension deferred outflows		1,583,952	
Net pension liability		(4,628,128)	
Net pension deferred inflows		<u>(2,855,254)</u>	(5,899,430)
OPEB Liability			
Net OPEB deferred outflows		23,480	
Net OPEB liability		(223,910)	
Net OPEB deferred inflows		<u>(88,676)</u>	(289,106)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable		(4,900,000)	
Accrued compensated absences		<u>(113,548)</u>	<u>(5,013,548)</u>
Total Net Position - Governmental Activities			<u>\$ (3,223,177)</u>

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

FOWLER SCHOOL DISTRICT R-4J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Special Revenue			Debt Service	Capital
	General Fund	Food Service	Pupil Activity	Bond	Building Fund
		Fund	Fund	Redemption	
REVENUES					
Local Sources	\$ 1,037,663	\$ 9,917	\$ 171,900	\$ 366,561	\$ 23
Intermediate Sources	98	-	-	15	-
State Sources	3,496,625	1,973	-	-	-
Federal Sources	507,162	333,204	-	-	-
TOTAL REVENUES	<u>5,041,548</u>	<u>345,094</u>	<u>171,900</u>	<u>366,576</u>	<u>23</u>
EXPENDITURES					
Current:					
Instruction	2,972,124	-	235,275	-	-
Pupil Support	195,406	-	-	-	-
Staff Support	60,967	-	-	-	-
General Administration	162,624	-	-	475	-
School Administration	210,862	-	-	-	-
Business Services	109,629	-	-	-	-
Operations and Maintenance	591,688	-	-	-	-
Transportation	173,354	-	-	-	-
Other Central Support	85,151	-	-	-	-
Other Supporting Services	3,869	-	-	-	-
Food Service	-	280,206	-	-	-
Community Support	-	-	-	-	-
Facilities	-	-	-	-	7,500
Debt Service	-	-	-	199,155	4,900,000
Contingency	-	-	-	-	-
TOTAL EXPENDITURES	<u>4,565,674</u>	<u>280,206</u>	<u>235,275</u>	<u>199,630</u>	<u>4,907,500</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	475,874	64,888	(63,375)	166,946	(4,907,477)
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	-	-	4,900,000
Transfers in (Out)	(347,319)	-	54,790	-	272,624
TOTAL OTHER FINANCING SOURCES (USES)	<u>(347,319)</u>	<u>-</u>	<u>54,790</u>	<u>-</u>	<u>5,172,624</u>
CHANGE IN FUND BALANCE	128,555	64,888	(8,585)	166,946	265,147
BEGINNING FUND BALANCE	<u>2,177,953</u>	<u>186,378</u>	<u>260,191</u>	<u>147,382</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 2,306,508</u>	<u>\$ 251,266</u>	<u>\$ 251,606</u>	<u>\$ 314,328</u>	<u>\$ 265,147</u>

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

Projects	Totals	
Capital Reserve		
Project Fund	2022	2021
\$ 10,248	\$ 1,596,312	\$ 1,169,322
-	113	60
-	3,498,598	3,186,425
-	840,366	1,046,206
<u>10,248</u>	<u>5,935,389</u>	<u>5,402,013</u>
-	3,207,399	2,829,137
-	195,406	187,297
-	60,967	97,185
-	163,099	150,069
-	210,862	204,463
-	109,629	109,588
5,365	597,053	551,376
-	173,354	225,045
-	85,151	79,618
-	3,869	5,140
-	280,206	277,319
-	-	(700)
14,565	22,065	-
2,584	5,101,739	144,200
-	-	126,979
<u>22,514</u>	<u>10,210,799</u>	<u>4,986,716</u>
(12,266)	(4,275,410)	415,297
-	4,900,000	-
<u>19,905</u>	-	-
<u>19,905</u>	<u>4,900,000</u>	-
7,639	624,590	415,297
<u>199,000</u>	<u>2,970,904</u>	<u>2,555,607</u>
<u>\$ 206,639</u>	<u>\$ 3,595,494</u>	<u>\$ 2,970,904</u>

FOWLER SCHOOL DISTRICT R-4J
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2022

Change in Fund Balance - Governmental Funds		\$	624,590
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	279,254	
Depreciation Expense		<u>(240,360)</u>	38,894
Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Pension Liability			
Current year change and amortization of deferred outflows - net		(948,106)	
Change in net pension liability		2,288,689	
Current year change and amortization of deferred inflows - net		<u>304,981</u>	1,645,564
OPEB Liability			
Current year change and amortization of deferred outflows - net		(631)	
Change in OPEB liability		27,585	
Current year change and amortization of deferred inflows - net		<u>(1,937)</u>	25,017
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.			
Proceeds from debt issuances		(4,900,000)	
Principal payments on bonds payable		140,000	
Amortization of bond premiums/deferred charge (gain)		5,017	
Change in accrued compensated absences		<u>7,833</u>	<u>(4,747,150)</u>
Total Net Position - Governmental Activities		\$	<u><u>(2,413,085)</u></u>

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

FOWLER SCHOOL DISTRICT R-4J
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Private Purpose</u>	<u>Totals</u>	
	<u>Scholarship Fund</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash and Investments	\$ 32,695	\$ 32,695	\$ 28,350
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Net Position			
Restricted for Scholarship/Activities	\$ 32,695	\$ 32,695	\$ 28,350

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

FOWLER SCHOOL DISTRICT R4J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fowler School District R-4J (the District) conform to generally accepted accounting principles, as applicable to governmental units. The following is a summary of the more significant policies.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity* and as subsequently amended.

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

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Jointly Governed Organization

BOCES The District, in conjunction with other surrounding districts, participates in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. For the fiscal year ended June 30, 2022, the District paid net assessments totaling \$50,534 to the BOCES. Financial statements for the South Central BOCES can be obtained from the BOCES Administrative offices at 323 S Purcell Blvd., Pueblo West, CO 81007-0504.

Fund Financial Statements The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

Debt Service Fund (Bond Redemption Fund): This fund accounts for the repayment of the District's bonded debt.

Capital Projects Fund (Capital Reserve Project Fund): This fund is used to account for the majority of the District's non-bond funded capital outlay activity.

The District reports the following nonmajor governmental fund:

Special Revenue Fund (Food Service and Pupil Activity Funds): These funds are used to account for the District's food service operation and student organizations.

Capital Projects Fund (Building Fund): This fund is used to account for the District's bond related major capital outlay activity.

The District reports the following fiduciary funds:

Agency Fund (Pupil Activity and Scholarship Agency Funds): These funds are used to account for the money and property held in trust by the District for student organizations. These funds are purely custodial and do not involve the measurement of results of operations. The Pupil Activity Fund was moved to Special Revenue Funds for they year end June 30, 2021.

Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements

The District considers all revenues reported in the governmental funds to be available, as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year-end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance

Cash The District invests cash resources in interest-bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized.

Cash and Cash Equivalents The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 Inventory of proprietary funds is valued at the lower of cost (first-in, first-out) or market.

Due To and Due From Other Funds Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund, making the purchased and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds. Property and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund, which budgets on a non-GAAP basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the Commissioner of Education within thirty days after the beginning of the fiscal year.
- Budgets may be revised until January 31st of the budget year.
- 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 and amended by the Board of Education.
- Encumbrance accounting is not utilized.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

The District capitalizes all assets with an individual original value of \$5,000 or more and a useful life in excess of one year.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	35-50 years
Vehicles	10-15 years
Other Equipment	15 years

Taxes Receivable - Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses. As uncollected 2022 property taxes were measurable at June 30, 2022, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2022, but not collected by June 30, 2022.

Unearned Revenue - Unearned revenues are amounts that have been collected but have not met the requirements needed for revenue recognition.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has several items that qualify for reporting in this category, all related to pension and OPEB liabilities as further described in Notes 7 and 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District is reporting deferred inflows related to pension and OPEB liabilities as further described in Notes 7 and 9 as well as prepaid student balances and unearned grant revenue.

Long-Term Debt - Long-term obligations of the District are reported in the government-wide presentation.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balance - In the government-wide financial statements, net position is either shown as net investment in capital assets with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues Property taxes are levied on December 15, based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. 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.

Vacation, Sick Leave, and Other Compensated Absences Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. As most employees are contracted to work a set number of days during a year, no vacation accrual accumulates. For those employees that earn vacation, all unused vacation at the end of each fiscal year is forfeited. Sick leave is payable upon PERA retirement at a maximum of 80 days. An accrual is shown on the Government-Wide financial statements for retirement eligible employees.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

FOWLER SCHOOL DISTRICT R4J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 2: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits	
Demand deposits	\$ 4,049,195
Investments	
Certificates of deposit	25,325
Total Deposits and Investments	<u>\$ 4,074,520</u>
Reconciliation to Statement of Net Position	
Cash and investments	
Governmental activities	\$ 4,041,825
Fiduciary activities	32,695
Total Cash and Investments	<u>\$ 4,074,520</u>

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, 2022, 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 percent of the uninsured deposits.

Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments had a bank balance of \$4,375,642 at June 30, 2022, which was fully insured by depository insurance or secured with collateral held by the District's agent not in the District's name. All investments, evidenced by individual securities, are registered in the name of the District.

Investment Interest Rate Risk

The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Direct obligations of the US government, its agencies, and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
- County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;
- Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
- Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4 above.

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk. The District invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2022 of \$12,272 consisted of purchased food and non-food supplies. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

FOWLER SCHOOL DISTRICT R4J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 4: CAPITAL ASSETS

Activity for capital assets which are recorded by the District is summarized below.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 118,634	\$ -	\$ -	\$ 118,634
Construction in Progress	-	259,349	-	259,349
Total Assets not being depreciated	<u>118,634</u>	<u>259,349</u>	<u>-</u>	<u>377,983</u>
Assets being depreciated:				
Buildings and Improvements	8,506,287	14,540	-	8,520,827
Transportation equipment	589,108	-	93,778	495,330
Other equipment	1,162,731	5,365	-	1,168,096
Food service equipment	35,551	-	-	35,551
Total Assets being depreciated	<u>10,293,677</u>	<u>19,905</u>	<u>93,778</u>	<u>10,219,804</u>
Accumulated depreciation:				
Buildings	(4,607,202)	(195,017)	-	(4,802,219)
Transportation equipment	(412,918)	(23,424)	(93,778)	(342,564)
Other equipment	(1,042,116)	(20,348)	-	(1,062,464)
Food service equipment	(5,556)	(1,571)	-	(7,127)
Total Accumulated depreciation	<u>(6,067,792)</u>	<u>(240,360)</u>	<u>(93,778)</u>	<u>(6,214,374)</u>
Net Capital Assets	<u>\$ 4,344,519</u>	<u>\$ 38,894</u>	<u>\$ -</u>	<u>\$ 4,383,413</u>

Depreciation for the governmental activities is allocated as follows:

Instruction	\$ 150,895
Supporting services	89,465
Total depreciation	<u>\$ 240,360</u>

The District has entered into a BEST grant agreement with the State of Colorado as further described in Note 13. For the prior year financial statement presentation, the State's portion of the building was presented as a capital asset and was depreciated. Since that portion of the District's facilities will not be owned by the District until the State repays its outstanding debt obligation related to the construction, the State portion has been reclassified as a long-term grant receivable that will be amortized through the debt obligation period and will be added to the District's capital assets upon the repayment.

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, in the General and Food Service Funds as of June 30, 2022, are \$387,785 and \$4,193, respectively. Accordingly, the accrued compensation is reflected as a liability in the General and Food Service Funds in the accompanying financial statements.

FOWLER SCHOOL DISTRICT R4J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 6: LONG-TERM OBLIGATIONS

At June 30, 2022, the District had the following long-term obligations.

	<u>Balance</u> <u>06/30/21</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>06/30/22</u>	<u>Due Within</u> <u>One Year</u>	<u>Interest</u> <u>Expense</u>
Series 2012 Gen. Oblig. Bonds	\$ 140,000	\$ -	\$ 140,000	\$ -	\$ -	\$ 1,400
Seres 2012 Bond Premiums	5,017	-	5,017	-	-	-
Series 2021 Matching Money Bonds	-	4,900,000	-	4,900,000	194,978	57,755
Compensated Absences	121,381	(7,833)	-	113,548	-	-
Total Long-Term Obligations	<u>\$ 266,398</u>	<u>\$ 4,892,167</u>	<u>\$ 145,017</u>	<u>\$ 5,013,548</u>	<u>\$ 194,978</u>	<u>\$ 59,155</u>

Series 2012 General Obligation Bonds Payable

In 2012, the District issued \$1,320,000 of general obligation bonds to refund their 2002 general obligation bonds. The issuance bears interest at rates not to exceed 3.25 percent. Interest is payable semi-annually on December 15th and June 15th of each year. Principal is payable over a period of ten years and is payable annually on December 15th of each year. The District made the final bond payment during fiscal year 2022.

Series 2021 Matching Money Bonds

In December of 2021 the voters of the District approved a bond issue in the amount of \$4,900,000 to supplement BEST awarded by the State of Colorado to build a new school building on purchased land. Principal is due annually on December 30, and interest at 2.467% is due semiannually on June 30 and December 30. Payments are made through the Bond Redemption Fund of the District. Bond payments, to maturity, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 194,978	\$ 118,478	\$ 313,456
2024	\$ 197,101	\$ 113,642	\$ 310,743
2025	\$ 201,964	\$ 108,719	\$ 310,683
2026	\$ 206,946	\$ 103,676	\$ 310,622
2027	\$ 212,052	\$ 98,507	\$ 310,559
2028-2032	\$ 1,141,357	\$ 410,436	\$ 1,551,793
2033-2037	\$ 1,289,263	\$ 260,706	\$ 1,549,969
2038-2042	\$ 1,456,339	\$ 91,568	\$ 1,547,907
	<u>\$ 4,900,000</u>	<u>\$ 1,305,732</u>	<u>\$ 6,205,732</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

As of December 31, 2021, 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. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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, 2022: Eligible employees of, 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 10.50 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

FOWLER SCHOOL DISTRICT R4J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	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%

¹ Rates 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) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

The allocation for 2021 was as follows:

<u>Trust Fund</u>	<u>Direct Distribution</u>
State Division	\$ 76,706
School Division	127,781
Judicial Division	1,360
DPS Division	19,153
	<u>\$ 225,000</u>

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 District were \$494,112 for the year ended June 30, 2022.

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

FOWLER SCHOOL DISTRICT R4J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

The proportions presented in this schedule are also based on the direct distribution payment received in July 2021 for \$127,781 and is considered a nonemployer contribution that meets the definition of a special funding situation for the purposes of GASB 68 paragraph 15.

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

At June 30, 2022, the District reported a liability of \$4,628,128 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	\$ (4,628,128)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	(475,990)
Total	\$ (5,104,118)

At December 31, 2021, the District proportion was 0.03977 percent, which was a decrease of 0.00598 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,090,425 and revenue of \$475,990 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 194,497	\$ -
Changes of assumptions or other inputs	406,475	-
Net difference between projected and actual earnings on pension plan investments	210,110	(2,054,233)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	530,411	(801,021)
Contributions subsequent to the measurement date	242,459	-
Total	\$ 1,583,952	\$ (2,855,254)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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)

\$242,459 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, 2023. 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:	Fiscal Year Totals
2023	\$ (65,233)
2024	(627,130)
2025	(610,195)
2026	(211,203)
Total	\$ (1,513,761)

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, 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 (automatic) ¹	1.00%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the annual increase cap, resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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

- **Males:** 112 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 actuarial assumptions used in the December 31, 2020, valuations were based on the 2020 experience analysis, 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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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 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
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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:

- 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include 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.
- 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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)

Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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 asset (liability)	\$ (6,812,225)	\$ (4,628,128)	\$ (2,805,580)

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 CONTRIBUTION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2022 program members contributed \$42,872.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (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 \$25,352 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$223,910 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.02597 percent, which was an increase of 0.00050 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$244. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 340	\$ (53,964)
Changes of assumptions or other inputs	4,638	(12,380)
Net difference between projected and actual earnings on pension plan investments	1,561	(15,597)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	4,501	(6,735)
Contributions subsequent to the measurement date	12,440	-
Total	\$ 23,480	\$ (88,676)

\$12,440 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2023	\$ (20,789)
2024	(21,888)
2025	(20,474)
2026	(11,008)
2027	(3,012)
2028	(465)
Total	\$ (77,636)

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, 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%
Health care cost trend rates	
A Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% for 2021, gradually increasing to 4.50% in 2029
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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/ Self-Insured Prescription	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	\$596	\$199	\$562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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:

- **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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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 actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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 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:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (240,363)	\$ (246,740)	\$ (254,164)

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, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (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 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:

Discount Rate	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (282,645)	\$ (246,740)	\$ (216,062)

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 10: RISK MANAGEMENT

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function.

The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing.

Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2022. CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District’s financial statements.

Workers Compensation

The District carries commercial insurance for worker’s compensation coverage. Risk of loss transfers to the carrier.

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Claims and Judgments

The District participates in a number of federal, state, and county 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, 2022, 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 any of the individual governmental funds or the overall financial position of the District.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

B. Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Tabor Amendment. However, in November 1995, District voters approved a ballot question allowing the District to collect, retain, and expend all revenues notwithstanding the limitations of the Tabor Amendment. The Amendment requires the District to reserve 3 percent of fiscal year spending for emergencies. At June 30, 2022, the District had reserved \$146,000 for this purpose.

C. BEST Building Project

In November 2019, the District passed an election question authorizing the issuance of up to \$4.9 million of general obligations bonds to be used for matching purposes towards District facility needs conditioned on the receipt of one or more grants of financial assistance under the State Building Excellent Schools Today ("BEST") program or other available grant options. In September 2021, the District approved matching dollars for a BEST grant in the amount of \$4,902,584 as determined by the Public Schools Capital Construction Assistance Board, to be funded through the issuance of \$4,900,000 of general obligation bonds and \$2,584 of funding from the Capital Reserve Fund. The BEST portion of the project is \$31,958,947 with a total project cost of \$36,861,531.

NOTE 12: INTERFUND ACTIVITY

The District has recorded the following routine operating transfers through June 30, 2022.

The General Fund transferred to the Pupil Activity Fund, Building Fund and the Capital Reserve Fund in the amounts of \$54,790, \$272,624 and \$19,905, respectively.

NOTE 13: BEST GRANT/FACILITY IMPROVEMENTS

The District received a BEST grant through the Colorado Department of Education for facility improvements that commenced during fiscal year 2022 with the District providing an upfront match payment held in escrow of \$4,902,584. The State is funding their portion of this program, \$31,958,947, through Certificate of Participation issuances. The State will coordinate the payment to the contractors with no funding flowing through the District other than for reimbursable costs that the District incurs. The District will not receive clear title to the improvements until the State has repaid the certificates. At that point, the District will record a capital asset and related accumulated depreciation for the cost of the BEST improvements, along with offsetting reduction of the outstanding long-term grant receivable.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 13: BEST GRANT/FACILITY IMPROVEMENTS (Continued)

The improvements completed by the BEST grant and local contribution totaled \$1,944,995 as of June 30, 2022. This amount has been recorded as long-term receivable as of June 30, 2022. As part of the BEST grant agreement, the District will fund a capital replacement reserve equal to \$100 per funded pupil based on the annual October student count, commencing the year after the project is placed in service.

NOTE 14: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$(3,223,177) and an unrestricted net position deficit of \$(3,361,896) primarily due to the PERA net pension liability of \$4,628,128 and related net deferrals, as further described in Note 7 and net OPEB liability of \$223,910 and related net deferrals, further described in Note 9. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

Required Supplementary Information
Pension and OPEB Schedules (Unaudited)

FOWLER SCHOOL DISTRICT R-4J

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.051236%	\$ (6,535,081)	\$ -	\$ (6,535,081)	\$ 2,065,468	316.40%	64.07%
June 30, 2015	0.049083%	\$ (6,652,450)	\$ -	\$ (6,652,450)	\$ 2,056,243	323.52%	62.84%
June 30, 2016	0.047517%	\$ (7,267,320)	\$ -	\$ (7,267,320)	\$ 2,070,760	350.95%	59.16%
June 30, 2017	0.045870%	\$ (13,657,129)	\$ -	\$ (13,657,129)	\$ 2,058,706	663.38%	43.13%
June 30, 2018	0.045537%	\$ (14,725,109)	\$ -	\$ (14,725,109)	\$ 2,100,577	701.00%	43.96%
June 30, 2019	0.039797%	\$ (7,046,896)	\$ (847,660)	\$ (7,894,556)	\$ 2,187,861	322.09%	57.01%
June 30, 2020	0.040601%	\$ (6,065,649)	\$ (682,752)	\$ (6,748,401)	\$ 2,370,562	255.87%	64.52%
June 30, 2021	0.045752%	\$ (6,916,817)	\$ -	\$ (6,916,817)	\$ 2,478,457	279.08%	66.99%
June 30, 2022	0.039770%	\$ (4,628,128)	\$ (475,990)	\$ (5,104,118)	\$ 2,485,473	186.21%	74.86%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

FOWLER SCHOOL DISTRICT R-4J

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 320,767	\$ (320,767)	\$ -	\$ 2,065,468	15.53%
June 30, 2015	\$ 337,841	\$ (337,841)	\$ -	\$ 2,056,243	16.43%
June 30, 2016	\$ 358,863	\$ (358,863)	\$ -	\$ 2,070,760	17.33%
June 30, 2017	\$ 373,243	\$ (373,243)	\$ -	\$ 2,058,706	18.13%
June 30, 2018	\$ 391,337	\$ (391,337)	\$ -	\$ 2,100,577	18.63%
June 30, 2019	\$ 418,538	\$ (418,538)	\$ -	\$ 2,187,861	19.13%
June 30, 2020	\$ 459,415	\$ (459,415)	\$ -	\$ 2,370,562	19.38%
June 30, 2021	\$ 480,325	\$ (480,325)	\$ -	\$ 2,478,457	19.38%
June 30, 2022	\$ 494,112	\$ (494,112)	\$ -	\$ 2,485,473	19.88%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

FOWLER SCHOOL DISTRICT R-4J

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.02607%	\$ (338,042)	\$ 2,058,706	16.42%	16.70%
June 30, 2018	0.02587%	\$ (336,259)	\$ 2,100,577	16.01%	17.53%
June 30, 2019	0.02587%	\$ (351,949)	\$ 2,187,861	16.09%	17.03%
June 30, 2020	0.02653%	\$ (298,234)	\$ 2,370,562	12.58%	24.49%
June 30, 2021	0.02647%	\$ (251,495)	\$ 2,478,457	10.15%	32.78%
June 30, 2022	0.02597%	\$ (223,910)	\$ 2,485,473	9.01%	39.40%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

FOWLER SCHOOL DISTRICT R-4J

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 20,999	\$ (20,999)	\$ -	\$ 2,058,706	1.02%
June 30, 2018	\$ 21,426	\$ (21,426)	\$ -	\$ 2,100,577	1.02%
June 30, 2019	\$ 22,316	\$ (22,316)	\$ -	\$ 2,187,861	1.02%
June 30, 2020	\$ 24,180	\$ (24,180)	\$ -	\$ 2,370,562	1.02%
June 30, 2021	\$ 25,280	\$ (25,280)	\$ -	\$ 2,478,457	1.02%
June 30, 2022	\$ 25,352	\$ (25,352)	\$ -	\$ 2,485,473	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information
(Budgetary Comparison Schedules)

FOWLER SCHOOL DISTRICT R-4J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2021 Actual
REVENUES					
Local Sources					
Property Taxes	\$ 746,282	\$ 746,282	\$ 750,346	\$ 4,064	\$ 711,029
Specific Ownership Taxes	111,666	121,217	152,933	31,716	121,095
Delinquent Taxes	-	1,320	573	(747)	997
Investment Earnings	5,000	5,000	4,053	(947)	6,339
Local Sources	2,500	2,500	1,105	(1,395)	1,030
Donations	-	-	6,400	6,400	99,601
Instructional Materials Fees	1,000	1,000	1,550	550	245
Local BOCES Passthrough	-	-	77,018	77,018	82,688
Insurance Proceeds	-	-	3,682	3,682	7,749
Other Local	155,805	370,805	40,004	(330,801)	17,148
Total Local Sources	<u>1,022,253</u>	<u>1,248,124</u>	<u>1,037,664</u>	<u>(210,460)</u>	<u>1,047,921</u>
Intermediate Sources					
Mineral Leases	-	-	34	34	-
Other Intermediate Source Revenue	-	-	64	64	60
Total Intermediate Sources	<u>-</u>	<u>-</u>	<u>98</u>	<u>98</u>	<u>60</u>
State Sources					
State Share (Equalization)	3,303,143	3,270,973	3,306,574	35,601	2,939,442
State Transportation	30,000	35,603	36,373	770	36,222
State Grants from CDE					
State ELPA Prof Dev and Student Support	2,000	2,000	-	(2,000)	1,793
State ELPA	2,000	2,000	1,829	(171)	1,601
State Grants to Libraries	8,000	8,000	4,586	(3,414)	7,856
Small Rural Schools Additional Funding	126,920	151,115	19,905	(131,210)	118,475
Additional As- Risk Funding	3,000	3,000	3,158	158	2,979
READ Act	7,032	7,032	2,978	(4,054)	7,050
One-Time At-Risk Mitigation Grant	-	-	16,206	16,206	-
State Grants from Other Agencies					
State Vocational Education	36,500	42,590	42,429	(161)	38,441
State PERA Contribution	-	-	57,544	57,544	-
Other Agency State Grants	44,000	44,000	-	(44,000)	24,662
State Grants Provided through BOCES	6,000	6,000	5,043	(957)	4,887
Total State Sources	<u>3,568,595</u>	<u>3,572,313</u>	<u>3,496,625</u>	<u>(75,688)</u>	<u>3,183,408</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A- Imp Basic Prgrms Oper by Sch	138,336	138,336	113,221	(25,115)	94,652
Coronavirus Relief Fund	-	-	-	-	301,044
NCLB Title II, Part A- Teacher & Principal Trng	21,118	21,118	21,164	46	16,639
ESSER III	-	-	14,053	14,053	-
ESSER II - Distribution 90%	470,557	470,557	302,114	(168,443)	-
ESSA, Title IV-A: Stud Supp and Acad Enrich Grants	10,000	10,000	10,000	-	10,000
Ed Stab Fd - Elem Sec Emer Relief Formula	314,283	314,283	-	(314,283)	77,173
Coronavirus Relief Fund - At-Risk	-	-	-	-	18,359
Coronavirus Relief Fund - School Prep/Mitigation	-	-	-	-	75,000
Carl Perkins Voc & App Tech Ed Act, Title I Voc Ed	10,500	10,500	18,921	8,421	25,628
TANF Grant	-	-	-	-	27,786
Direct Federal Revenue					
NCLB, Title VI, Part B, Sub-Part I: REAP: Rural Ed	28,266	28,266	27,689	(577)	31,776
Total Federal Sources	<u>993,060</u>	<u>993,060</u>	<u>507,162</u>	<u>(485,898)</u>	<u>678,057</u>
TOTAL REVENUES	<u>5,583,908</u>	<u>5,813,497</u>	<u>5,041,549</u>	<u>(771,948)</u>	<u>4,909,446</u>

See the accompanying Independent Auditors' Report

(Continued)

FOWLER SCHOOL DISTRICT R-4J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2021 Actual
(Continued)					
EXPENDITURES					
Instruction					
Salaries	1,735,519	1,735,519	1,758,159	(22,640)	1,729,663
Benefits	537,619	559,619	687,711	(128,092)	625,404
PS-Professional	2,000	2,000	-	2,000	-
PS-Property	7,250	7,250	5,402	1,848	7,244
PS-Other	292,949	292,949	257,283	35,666	247,897
Supplies	200,128	200,128	101,904	98,224	188,853
Property	122,125	122,125	133,290	(11,165)	22,687
Other Expenses	549,817	549,817	28,375	521,442	7,389
Total Instruction	<u>3,447,407</u>	<u>3,469,407</u>	<u>2,972,124</u>	<u>497,283</u>	<u>2,829,137</u>
Supporting Services					
Pupil Support					
Salaries	179,475	179,475	131,629	47,846	134,537
Benefits	42,700	42,700	40,095	2,605	39,675
PS-Other	16,000	16,000	6,631	9,369	7,765
Supplies	17,000	17,000	15,044	1,956	5,270
Property	2,000	2,000	2,007	(7)	-
Other Expenses	180	180	-	180	50
Total Pupil Support	<u>257,355</u>	<u>257,355</u>	<u>195,406</u>	<u>61,949</u>	<u>187,297</u>
Staff Support					
Salaries	41,250	41,250	32,211	9,039	29,861
Benefits	18,500	18,500	14,816	3,684	13,041
PS-Other	5,950	5,950	5,355	595	44,963
Supplies	20,200	20,200	8,585	11,615	9,320
Other Expenses	600	600	-	600	-
Total Staff Support	<u>86,500</u>	<u>86,500</u>	<u>60,967</u>	<u>25,533</u>	<u>97,185</u>
General Administration					
Salaries	74,880	74,880	73,550	1,330	71,988
Benefits	37,220	37,220	33,507	3,713	31,800
PS- Professional	13,211	13,211	12,831	380	11,421
PS-Other	46,500	46,500	34,488	12,012	27,323
Supplies	1,500	1,500	1,052	448	362
Other Expenses	8,500	8,500	7,195	1,305	6,900
Total General Administration	<u>181,811</u>	<u>181,811</u>	<u>162,623</u>	<u>19,188</u>	<u>149,794</u>
School Administration					
Salaries	148,000	148,000	145,671	2,329	146,905
Benefits	56,550	56,550	54,462	2,088	52,901
PS-Other	3,500	3,500	2,074	1,426	2,279
Supplies	2,000	2,000	1,790	210	1,618
Property	5,985	5,985	6,105	(120)	-
Other Expenses	1,200	1,200	760	440	760
Total School Administration	<u>217,235</u>	<u>217,235</u>	<u>210,862</u>	<u>6,373</u>	<u>204,463</u>

See the accompanying Independent Auditors' Report

(Continued)

FOWLER SCHOOL DISTRICT R-4J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				2021 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	77,840	77,840	77,840	-	78,241
Benefits	24,720	24,720	24,123	597	23,677
PS-Other	5,975	5,975	5,662	313	5,675
Supplies	2,750	2,750	1,484	1,266	1,475
Other Expenses	575	575	520	55	520
Total Business Services	111,860	111,860	109,629	2,231	109,588
Operations and Maintenance					
Salaries	168,000	168,000	158,505	9,495	163,081
Benefits	64,775	64,775	59,680	5,095	61,853
PS- Property	38,890	38,890	29,129	9,761	38,002
PS-Other	98,000	98,000	92,665	5,335	87,091
Supplies	182,750	182,750	183,605	(855)	162,051
Property	58,200	58,200	68,104	(9,904)	-
Other Expenses	350	350	-	350	-
Total Operations and Maintenance	610,965	610,965	591,688	19,277	512,078
Transportation					
Salaries	79,475	79,475	92,981	(13,506)	79,075
Benefits	25,050	25,050	27,385	(2,335)	24,176
PS-Other	30,265	30,265	27,708	2,557	20,809
Supplies	48,750	48,750	43,367	5,383	26,660
Property	1,150	1,150	1,132	18	-
Other Expenses	(19,990)	(19,990)	(19,219)	(771)	(4,852)
Total Transportation	164,700	164,700	173,354	(8,654)	145,868
Other Central Support					
Salaries	37,650	37,650	34,471	3,179	30,434
Benefits	13,038	13,038	10,634	2,404	9,329
PS-Other	45,300	45,300	37,555	7,745	39,068
Supplies	1,000	1,000	484	516	787
Property	2,090	2,090	2,007	83	-
Total Other Central Support	99,078	99,078	85,151	13,927	79,618
Other Supporting Services					
Salaries	500	500	500	-	500
Benefits	100	100	113	(13)	111
Supplies	-	-	3,257	(3,257)	4,529
Total Other Supporting Services	600	600	3,870	(3,270)	5,140
Community Support					
Other Expenses	44,000	44,000	-	44,000	(700)
Total Supporting Services	1,774,104	1,774,104	1,593,550	180,554	1,490,331
Contingency	2,089,225	2,104,559	-	2,104,559	-
TOTAL EXPENDITURES	7,310,736	7,348,070	4,565,674	2,782,396	4,319,468
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,726,828)	(1,534,573)	475,875	2,010,448	589,978
OTHER FINANCING SOURCES (USES)					
Transfers	-	(217,610)	(347,319)	(129,709)	(138,675)
CHANGE IN FUND BALANCE	(1,726,828)	(1,752,183)	128,556	1,880,739	451,303
BEGINNING FUND BALANCE	1,754,628	1,754,628	2,177,952	423,324	1,726,649
ENDING FUND BALANCE	\$ 27,800	\$ 2,445	\$ 2,306,508	\$ 2,304,063	\$ 2,177,952

See accompanying Independent Auditors' Report.

Other Supplementary Information

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Special Revenue Fund

FOWLER SCHOOL DISTRICT R-4J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2022

	2022			2021 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 500	\$ 97	\$ (403)	\$ 54
Food Service Revenue	7,000	9,820	2,820	14,031
Total Local Sources	7,500	9,917	2,417	14,085
State Sources				
State Grants from CDE				
State Matching Child Nutrition	-	1,973	1,973	1,981
State Grants from Other Agencies				
Other Agency State Grants	-	-	-	1,036
Total State Sources	-	1,973	1,973	3,017
Federal Sources				
Federal Grants from CDE				
National School Lunch Program	349,550	-	(349,550)	-
Summer Food Service Program for Children	-	85,801	85,801	345,893
SNAP - P-EBT	-	614	614	-
Seamless Summer Option - Breakfast	-	31,831	31,831	-
Seamless Summer Option - Lunch	-	184,329	184,329	-
Supply Chain Assistance Grant	-	10,660	10,660	-
Federal Grants from Other State Agencies				
National School Lunch Program- Commodities	16,000	15,902	(98)	11,288
Child and Adult Care Food Program	-	4,067	4,067	10,968
Total Federal Sources	365,550	333,204	(32,346)	368,149
TOTAL REVENUES	373,050	345,094	(27,956)	385,251
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	108,300	85,855	22,445	80,773
Benefits	48,500	38,277	10,223	35,028
PS- Property	1,500	1,328	172	356
PS-Other	3,200	2,094	1,106	2,082
Supplies	6,050	3,804	2,246	2,959
Food	146,450	129,721	16,729	128,427
Commodities	16,000	15,902	98	11,288
Property	3,500	3,225	275	16,406
Contingency	192,271	-	192,271	-
TOTAL EXPENDITURES	525,771	280,206	245,565	277,319
CHANGE IN FUND BALANCE	(152,721)	64,888	217,609	107,932
BEGINNING FUND BALANCE	152,721	186,378	33,657	78,446
ENDING FUND BALANCE	\$ -	\$ 251,266	\$ 251,266	\$ 186,378

See accompanying Independent Auditors' Report.

FOWLER SCHOOL DISTRICT R-4J
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Pupil Activity Fund
 For the Year Ended June 30, 2022
 (With Comparative Totals for the Year Ended June 30, 2021)

	2022		Variance with Final Budget	2021	
	Original & Final Budget	Actual		Budget	Actual
REVENUES					
Local Sources					
Investment Earnings	\$ 500	\$ 269	\$ (231)	\$ 395	
Other Local	290,000	171,632	(118,368)	106,477	
TOTAL REVENUES	290,500	171,901	(118,599)	106,872	
EXPENDITURES					
Instruction					
PS-Other	290,500	235,275	55,225	126,979	
Contingency	228,325	-	228,325	-	
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(228,325)	(63,374)	164,951	(20,107)	
OTHER FINANCING SOURCES (USES)					
Transfers	-	54,790	54,790	21,700	
CHANGE IN FUND BALANCE	(228,325)	(8,584)	219,741	1,593	
BEGINNING FUND BALANCE	228,325	260,191	31,866	258,598	
ENDING FUND BALANCE	\$ -	\$ 251,607	\$ 251,607	\$ 260,191	

See accompanying Independent Auditors' Report.

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Debt Service Fund

FOWLER SCHOOL DISTRICT R-4J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022			2021
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Property Taxes	\$ 369,013	\$ 366,418	\$ (2,595)	\$ -
Delinquent Taxes	148	48	(100)	188
Investment Earnings	2	95	93	-
Total Local Sources	<u>369,163</u>	<u>366,561</u>	<u>(2,602)</u>	<u>188</u>
Intermediate Sources				
Other Intermediate Source Revenue	-	15	15	-
TOTAL REVENUES	<u>369,163</u>	<u>366,576</u>	<u>(2,587)</u>	<u>188</u>
EXPENDITURES				
Supporting Services				
General Administration				
PS- Professional	1,300	475	825	275
Debt Service				
Interest	59,155	59,155	-	4,200
Principal	140,000	140,000	-	140,000
Total Debt Service	<u>199,155</u>	<u>199,155</u>	<u>-</u>	<u>144,200</u>
Contingency	316,051	-	316,051	-
TOTAL EXPENDITURES	<u>516,506</u>	<u>199,630</u>	<u>316,876</u>	<u>144,475</u>
CHANGE IN FUND BALANCE	<u>(147,343)</u>	<u>166,946</u>	<u>314,289</u>	<u>(144,287)</u>
BEGINNING FUND BALANCE	<u>147,343</u>	<u>147,382</u>	<u>39</u>	<u>291,669</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 314,328</u>	<u>\$ 314,328</u>	<u>\$ 147,382</u>

See accompanying Independent Auditors' Report.

FOWLER SCHOOL DISTRICT R-4J
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Building Fund
 For the Year Ended June 30, 2022

	2022			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 20	\$ 23	\$ 3
EXPENDITURES				
Facilities/Capital Outlay				
Buildings	-	302,025	7,500	294,525
Contingency	-	265,145	-	265,145
TOTAL EXPENDITURES	-	567,170	7,500	559,670
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	4,900,000	4,900,000
Escrow Payment	-	-	(4,900,000)	(4,900,000)
Transfers	-	567,150	272,624	(294,526)
CHANGE IN FUND BALANCE	-	-	265,147	265,147
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ 265,147	\$ 265,147

See accompanying Independent Auditors' Report.

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Capital Projects Fund

FOWLER SCHOOL DISTRICT R-4J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022		Variance with Final Budget	2021	
	Final Budget	Actual		Budget	Actual
REVENUES					
Local Sources					
Investment Earnings	\$ 250	\$ 248	\$ (2)	\$ 256	
Sale of Fixed Asser/ Insurance Proceeds	-	10,000	10,000	-	
Total Local Sources	250	10,248	9,998	256	
EXPENDITURES					
Supporting Services					
Operations and Maintenance					
Property	-	5,365	(5,365)	39,298	
Transportation					
Property	-	-	-	79,177	
Facilities/Capital Outlay					
PS- Professional	-	25	(25)	-	
Land and Improvements	-	7,194	(7,194)	-	
Buildings	2,610	7,346	(4,736)	-	
Contingency	200,745	-	200,745	-	
TOTAL EXPENDITURES	203,355	19,930	183,425	118,475	
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(203,105)	(9,682)	193,423	(118,219)	
OTHER FINANCING SOURCES (USES)					
Escrow Payment	-	(2,584)	(2,584)	-	
Transfers	2,610	19,905	17,295	116,975	
CHANGE IN FUND BALANCE	(200,495)	7,639	208,134	(1,244)	
BEGINNING FUND BALANCE	200,495	199,000	(1,495)	200,244	
ENDING FUND BALANCE	\$ -	\$ 206,639	\$ 206,639	\$ 199,000	

See accompanying Independent Auditors' Report.

Agency Funds

FOWLER SCHOOL DISTRICT R-4J
Statement of Changes in Fiduciary Net Position
Budget and Actual
Scholarship Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022			
	Original & Final		Variance with Final	2021
	Budget	Actual	Budget	Actual
ADDITIONS				
Local Sources	\$ 6,000	\$ 9,095	\$ 3,095	\$ 3,491
DEDUCTIONS				
Instruction	<u>6,000</u>	<u>4,750</u>	<u>1,250</u>	<u>2,500</u>
CHANGE IN FIDUCIARY NET POSITION	(28,585)	4,345	32,930	991
BEGINNING NET POSITION	<u>28,585</u>	<u>28,350</u>	<u>(235)</u>	<u>27,359</u>
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 32,695</u>	<u>\$ 32,695</u>	<u>\$ 28,350</u>

See the accompanying Independent Auditors' Report

COMPLIANCE SECTION

State Compliance



Colorado Department of Education
Auditors Integrity Report
 District: 2540 - Fowler R-4J
 Fiscal Year 2021-22
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	2,177,953		4,474,241		4,344,685		2,307,509
18 Risk Mgmt Sub-Fund of General Fund	0		116,255		117,255		-1,000
19 Colorado Preschool Program Fund	0		103,733		103,733		0
Sub- Total	2,177,953		4,694,229		4,565,673		2,306,509
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	186,379		345,093		280,206		251,266
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	260,191		226,690		235,275		251,607
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	147,382		366,576		199,630		314,328
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		5,172,647		4,907,500		265,147
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	199,000		30,153		22,513		206,639
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	2,970,904		10,835,388		10,210,798		3,595,494
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	28,350		9,095		4,750		32,695
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	28,350		9,095		4,750		32,695

FINAL



Colorado Department of Education
Bolded Balance Sheet Report

District: 2540 - Fowler R-4J
 Fiscal Year 2021-22

Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Cash and Investments (8100-8104,8111)	2,752,271	0	0	251,607	0	0	196,089	370,073	471,786	0	0	0	0	32,695	0	4,074,520		
Cash with Fiscal Agent (8105)	27,005	0	0	0	0	0	0	4,274	0	0	0	0	0	0	0	31,279		
Taxes Receivable (8121,8122)	14,043	0	0	0	0	0	0	6,930	0	0	0	0	0	0	0	20,973		
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grants Accounts Receivable (8142)	336,093	0	0	0	0	0	38,112	0	0	0	0	0	0	0	0	374,204		
Other Receivables (8151-8154,8161)	26,629	0	0	0	0	0	15,730	0	0	0	0	0	0	0	0	42,359		
Inventories (8171,8172,8173)	0	0	0	0	0	0	12,272	0	0	0	0	0	0	0	0	12,272		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Assets	3,156,041	0	0	251,607	0	0	262,202	381,276	471,786	0	0	0	0	32,695	0	4,555,607		

See accompanying Independent Auditors' Report.

	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY																
LIABILITIES																
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	166,178	0	0	0	0	0	0	66,949	0	0	0	0	0	0	0	233,127
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	387,785	0	0	0	0	0	4,193	0	0	0	0	0	0	0	0	391,979
Unearned Revenue (7481)	0	0	0	0	0	0	6,743	0	0	0	0	0	0	0	0	6,743
Grants Deferred Revenue (7482)	295,569	0	0	0	0	0	0	0	0	0	0	0	0	0	0	295,569
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	849,532	0	0	0	0	0	10,936	66,949	0	0	0	0	0	0	0	927,417

