

cPa DIXON, WALLER & CO., INC.

AGUILAR SCHOOL

DISTRICT RE-6

AGUILAR, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2023

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
JUNE 30, 2023

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AGUILAR SCHOOL DISTRICT RE-6
ROSTER OF SCHOOL OFFICIALS
June 30, 2023

BOARD OF EDUCATION

| | |
|-------------------|---------------------|
| David Pagnotta | President |
| Justin Beard | Vice President |
| Natalie Grubelnik | Treasurer/Secretary |
| Tony Fatur | Member |
| Derek Marquez | Member |

OTHER OFFICIALS

| | |
|------------------|------------------|
| Justin Cowan | Superintendent |
| Jennifer Sanchez | Business Manager |

FINANCIAL SECTION



164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Aguilar School District RE-6
Aguilar, Colorado 81020

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aguilar School District RE-6, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Aguilar School District RE-6'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 Aguilar School District RE-6, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aguilar School District RE-6, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aguilar School District RE-6's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aguilar School District RE-6's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aguilar School District RE-6's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Aguilar School District RE-6's basic financial statements. The accompanying combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and state required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


January 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

As management of the Aguilar School District Re-6, we offer readers of the Aguilar School District's financial statements this narrative overview and analysis of the financial activities of the Aguilar School District for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

Financial Highlights

Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association (PERA), is recorded as a liability of the District. The District's net post-employment benefits liability decreased to \$106,058 for 2023 from \$110,225 for 2022.

Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, PERA, is recorded as a liability of the District. The District's net pension liability increased to \$3,115,490 for 2023 compared to \$2,278,301 the prior year.

The ending net position June 30, 2023, decreased to \$2,174,294 compared to \$2,216,339 the prior year, a net decrease of \$42,045 (with a prior period adjustment of \$(11,297) as well) compared to a net increase of \$559,263 the prior year. Revenues increased by \$281,012, while expenses also increased by \$871,022. Highlights include:

- During FY22-23 revenues related to governmental activities changed from the prior year as follows: State Equalization is \$1,387,410 up from \$1,344,110; Specific Ownership Taxes are \$88,616 up from \$81,024; Property Taxes totaled \$589,199 up from \$459,352.
- The funded pupil count increased to 112 for FY22-23 from 107.8 for FY21-22. Per pupil operating revenue increased to \$18,067.30 from \$17,106 for the respective fiscal years. Total program funding from the School Finance Act is further impacted by the "Average Funded Pupil Count" and the risk add-on adjustment based on the number of students eligible for free lunch. Overall, total program funding increased \$43,300 from the previous year.
- Federal grants received in the General Fund decreased to \$669,244 in FY22-23 from \$678,664 the prior year mainly due to Covid-19 related funding. This in turn, increased the District's expenses mainly related to increased instructional expenditures.
- Other revenue increased in FY22-23 totaling \$85,204 compared to \$49,176 in FY21-22.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. A comparison to the prior year's activity is provided in this document. Data for fiscal year 2023 is compared to fiscal year 2022. The School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements

The district-wide statements report information about the District using accounting methods like those used in private sector companies. The statement of net position includes all the government's assets, liabilities, and deferred flows.

The district-wide statements report the District's net position is one way to measure the District's financial health or position. Increase or decrease in the District's net position could indicate whether the District's financial health is improving or deteriorating. When considering the District's financial health, one needs to consider many mitigating factors over which the District has little influence such as: enrollment, state funding, changes in the District's tax base, and outside economic influences. These factors, along with the condition of the school buildings, are very critical to a District's financial health, especially in a district with limited local control.

Governmental activities: Most of the district's basic services are included here, such as instruction, transportation, maintenance, operations, and administration. State funding from the School Finance bill, grants, local equalization, and property taxes finance most of these activities. This information is comprised of all the following Aguilar School District Re-6 District Funds: 1) the general fund, 2) the preschool fund, and 3) the food service fund.

Business-type activities: The District had no business-type activities.

Fund Financial Statements

The fund financial statements are intended to provide more detailed information about the District's funds. It focuses on its most significant or "major" funds, not the District as a whole spending on programs. Like other local governments, Aguilar School District Re-6 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Aguilar School District Re-6 maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the (1) general fund (2) non-major funds made up of the food service and activity funds.

Notes to the Financial Statements

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

Financial Analysis of the District as a Whole

As noted earlier, net position may serve over time a useful indicator of the district's financial position. The District's net position on June 30, 2023, was \$2,260,035 including net investment in capital assets totaling \$4,497,238 (e.g., land, buildings, infrastructure, machinery, and equipment net of depreciation less related debt). Restricted net position includes \$71,000 to meet TABOR reserve requirements, \$9,988 restricted for preschool expenditures and \$3,005 restricted for food service operations. The Unrestricted net position of the District was \$(2,321,196).

Following is a summary of the District's net position for 2023 compared to 2022:

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

**Table 1
Net Position**

| | 2023 | 2022 | NET CHANGE |
|--|----------------------------|----------------------------|------------------|
| | Governmental Activities | Governmental Activities | |
| ASSETS | | | |
| Current and Other Assets | 944,289 | 850,587 | 93,702 |
| Capital Assets | 4,497,238 | 4,633,346 | (136,108) |
| Total Assets | 5,441,527 | 5,483,933 | (42,406) |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Pension | 783,978 | 792,700 | (8,722) |
| Post Employment Benefits | 27,999 | 24,679 | 3,320 |
| Total Deferred Outflow of Resources | 811,977 | 817,379 | (5,402) |
| LIABILITIES | | | |
| Current and Other Liabilities | 370,957 | 129,456 | 241,501 |
| Long Term Liabilities | 3,281,731 | 2,475,890 | 805,841 |
| Total Liabilities | 3,652,688 | 2,605,346 | 1,047,342 |
| DEFERRED INFLOW OF RESOURCES | | | |
| Pension | 783,978 | 1,429,485 | (645,507) |
| Post Employment Benefits | 27,999 | 50,142 | (22,143) |
| Total Deferred Inflow of Resources | 811,977 | 1,479,627 | (667,650) |
| NET POSITION | | | |
| Net Investment in Capital Assets | 4,497,238 | 4,633,346 | (136,108) |
| Restricted for: | | | |
| Labor Reserve | 71,000 | 64,000 | 7,000 |
| Debt | - | - | - |
| Preschool | 9,988 | 10,045 | (57) |
| Food Service | 3,005 | 16,009 | (13,004) |
| Unrestricted | (2,406,937) | (2,507,061) | 100,124 |
| | 2,174,294 | 2,216,339 | (42,045) |

Highlights from the Statement of Net Position

1. Current assets increased overall by \$93,702. Cash and investments decreased by \$96,019 while accounts receivable and accrued revenues increased by \$280,960 due to more outstanding requests for grant funds. Current liabilities increased by \$241,501 mostly due to grant funds received in advance of spending and accrued accounts payable at the end of the fiscal year.
2. Capital assets decreased \$136,108 which is the net effect of capitalizing equipment at an expense of \$91,194 and subtracting annual depreciation totaling \$227,302.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

3. Noncurrent liabilities increased primarily due to the District's estimated share of PERA pension and OPEB liabilities in the amount of \$3,221,548.
4. Deferred outflow of resources decreased \$5,402 and deferred inflows decreased by \$667,650 resulting in an increase in net position by \$43,696.

Governmental Activities

The following are highlights of governmental activities changes from the previous year. Much of the expenditures for governmental activities is financed with state equalization and property taxes.

- Total revenue increased by \$281,012 of which grants and contributions increased by \$71,383. The State share of Public-School Finance increased \$43,300 while local taxes increased \$133,598. Other revenue sources increased by \$36,028.
- Expenses increased \$871,022 of which amortization of OPEB costs under GASB 75 decreased \$781,650. Instructional expenditures decreased by \$266,896 while student support and instructional staff support increased by \$119,865 and school & District administration increased by \$179,414. Transportation increased by \$24,457 and operations and maintenance increased \$16,945. General, central administration and business services increased by \$5,857.
- Net position increased by \$43,696 for the current fiscal year compared to an increase of \$559,263 the prior year.

The following table is a summary of the current fiscal year revenue, expenditures and changes in net position compared to the prior year.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

**Table 2
Changes in Net Position**

| | 2023 | 2022 | NET CHANGE |
|---|----------------------------|----------------------------|------------------|
| | Governmental Activities | Governmental Activities | |
| Revenues | | | |
| Charges for Services | 4,837 | 8,999 | (4,162) |
| Operating Grants and Contributions | 959,556 | 888,173 | 71,383 |
| Property taxes | 585,358 | 459,352 | 126,006 |
| Specific Ownership Taxes | 88,616 | 81,024 | 7,592 |
| Equalization | 1,387,410 | 1,344,110 | 43,300 |
| Earnings on investments | 1,146 | 281 | 865 |
| Other Revenues | 85,204 | 49,176 | 36,028 |
| Transfers | - | - | - |
| TOTAL REVENUES | 3,112,127 | 2,831,115 | 281,012 |
| Expenses | | | |
| Instructional services | 1,552,499 | 1,819,395 | (266,896) |
| Students | 40,545 | 19,151 | 21,394 |
| Instructional staff | 161,732 | 63,261 | 98,471 |
| District administration | 444,341 | 290,523 | 153,818 |
| School administration | 159,156 | 133,560 | 25,596 |
| Business | 106,841 | 105,439 | 1,402 |
| Operation and maintenance of facilities | 323,328 | 306,383 | 16,945 |
| Transportation | 125,037 | 100,580 | 24,457 |
| Central | 135,267 | 130,812 | 4,455 |
| Food Service | 108,810 | 96,884 | 11,926 |
| Capital outlay | - | - | - |
| Interest on Long Term Liabilities | - | 1,417 | (1,417) |
| Amortization of Pension Costs | (3,447) | (785,097) | 781,650 |
| Amortization of OPEB Costs | (11,234) | (10,455) | (779) |
| TOTAL EXPENSES | 3,142,875 | 2,271,853 | 871,022 |
| Increase (Decrease) in Net Position | (30,748) | 559,262 | (590,010) |
| Net Position - Beginning (Restated) | 2,216,339 | 1,657,077 | 559,262 |
| Prior Year Adjustment | (11,297) | - | (11,297) |
| Net Position - Ending | 2,174,294 | 2,216,339 | (42,045) |

Table 3 illustrates the total cost of the District's Governmental Activities major services. It also shows the net costs of these services. The net cost includes all expenses for the service less any revenue received for that service.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

**Table 3
Governmental Activities by Major Functions**

| | 2023 | | 2022 | |
|---|--------------------------|------------------------|--------------------------|------------------------|
| | Total Cost of Service | Net Cost of Service | Total Cost of Service | Net Cost of Service |
| Instructional services | 1,552,499 | 749,434 | 1,819,395 | 1,031,397 |
| Students | 40,545 | 6,404 | 19,151 | 6,881 |
| Instructional staff | 161,732 | 156,571 | 63,261 | 62,611 |
| District administration | 444,341 | 430,771 | 290,523 | 287,264 |
| School administration | 159,156 | 155,949 | 133,560 | 132,818 |
| Business | 106,841 | 103,644 | 105,439 | 104,231 |
| Operation and maintenance of facilities | 323,328 | 315,416 | 306,383 | 299,489 |
| Transportation | 125,037 | 105,768 | 100,580 | 82,229 |
| Central | 135,267 | 135,667 | 130,812 | 130,812 |
| Food Service | 108,810 | 33,939 | 96,884 | 31,084 |
| Capital outlay | - | - | - | - |
| Interest on Long Term Liabilities | - | - | 1,417 | 1,417 |
| Amortization of Pension Costs | (3,447) | (3,477) | (785,097) | (785,097) |
| Amortization of OPEB Costs | (11,234) | (11,234) | (10,455) | (10,455) |
| TOTAL | 3,142,875 | 2,178,852 | 2,271,853 | 1,374,681 |

Business Type Activities

The District has no business-type activities.

Financial Analysis of the District's Funds

Funding from the School Finance Act for the General Fund and Colorado Pre-School Project Fund is based on the pupil count and the per pupil funding amount set by the Colorado Department of Education. Total program funding is made up of local property taxes, specific ownership taxes and State equalization, which is the State's share of School Finance Act funding. Total program funding, which made up 65% of the District's total governmental fund revenue for 2022-23, increased \$176,898 primarily due to increases with property taxes and mill levy monies and an increase in per pupil operating revenue.

Per pupil operating revenue is impacted by the change in the number of students eligible for free lunch, which affects the at-risk funding added to the base per pupil amount, normal inflationary increases and reduction in the negative adjustment made to balance the State budget.

All students enrolled in kindergarten through twelfth grade are eligible to be funded at 100% of the per pupil amount.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Capital Assets and Long-Term Debt

Capital Assets: Capital asset additions in fiscal year 2023 included equipment in the instructional and support programs. Table 4 shows capital assets for 2023 compared to 2022 (net of depreciation). Accumulated depreciation on June 30, 2023, is \$4,938,376 compared to \$4,841,077 the prior year.

**Table 4
Capital Assets (Net of Depreciation)**

| | 2023 | 2022 |
|------------------------|------------------------------------|------------------------------------|
| | Governmental Activities | Governmental Activities |
| Food Service Equipment | \$ 3,071 | \$ 4,093 |
| Land and Sites | 211,777 | 211,777 |
| Buildings | 4,160,573 | 4,370,836 |
| Vehicles and Equipment | 118,267 | 46,640 |
| | \$ 4,493,688 | \$ 4,633,346 |

Long-Term Debt: During the fiscal year ended June 30, 2001, the District, with voter approval issued general obligation bonds to assist in the financing of construction projects. These bonds were issued in 2002 for the original amount of \$ 900,000 and mature serially on December 1 in amounts varying from \$ 30,000 to \$ 70,000 with interest from 3.00% to 5.75% payable semi-annually. The debt was paid off in 2021-22 and the general obligation bond balance for the year ended June 30, 2023, was \$0, respectfully \$0 the previous fiscal year. There was no long-term debt in the current fiscal year.

Budget Highlights

District budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District amended its budgets during the year to reflect unexpected changes that were deemed material. Budget presentations include both original and final budgets for the fiscal year.

Revenues in the General Fund were \$286,910 more than budgeted, this is primarily from higher-than-expected property tax revenue of \$114,037 and other revenue of \$165,794. Expenditures and transfers to other funds excluding appropriated reserves were less than the amount budgeted, a favorable variance of \$326,526. Student Support, Instructional Staff, General and School Administration and Business Services and Transportation are over budget while all other service areas were under budget.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Factors Bearing on the District's Future

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

- Early in 2020 the Coronavirus (known as Covid-19) began to spread to the United States and quickly grew to pandemic proportions. As a result, schools across the nation were ordered to close by state governors with remote instruction implemented for the fourth quarter of 2019-2020 school year. For the last few years, schools implemented new sanitation and safety precautions. Federal grants were awarded to defray the added expenditures and some of these funding sources continue through fiscal year 2024.
- The funded pupil count for fiscal year 2024 is expected to be 97.2 with per pupil funding projected to be \$20,181.39. This is down from 107.5 pupil count and \$18,745.73 per pupil funding in fiscal year 2023. This is after the budget stabilization factor, which hopefully FY2024 will be the last year for this to factor into the PPR.
- During the 2022-2023 school year, we saw economic recovery continues to be an ongoing concern, even as the devastating effect of the virus has subsided. With high inflation rates at the forefront of the recovery, the impact of economic activity on tax revenues is still an unpredictable variable. Management continues to monitor the economic recovery and the lingering impact of Covid-19 and will adjust as needed.
- The District needs to closely monitor its operating expenditures and adjust to expected revenues which may now be further impacted by Covid-19 and the impact of high inflationary pressures.
- The District plans to open accounts with ColoTrust with better return on investment and increase interest revenue monthly than their current banking institution.

Contacting the District's Financial Management

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. We understand that all questions may not have been answered in this report; therefore, we invite you to contact the Aguilar School District Re-6 Business Manager, Jennifer Porras-Sanchez or Superintendent, Justin Cowen at:

420 North Balsam
Aguilar Colorado 81020
(719) 941-4188

BASIC FINANCIAL STATEMENTS

AGUILAR SCHOOL DISTRICT RE-6
STATEMENT OF NET POSITION
June 30, 2023

| | Governmental Activities | Total |
|--|----------------------------|--------------------|
| <u>ASSETS</u> | | |
| Cash | 661,093 | 661,093 |
| Investments | - | - |
| Accounts Receivable | 28,383 | 28,383 |
| Accrued Revenue | 229,703 | 229,703 |
| Property Taxes Receivable | 22,874 | 22,874 |
| Inventories | 2,236 | 2,236 |
| Capital Assets | 9,432,064 | 9,432,064 |
| Accumulated Depreciation | <u>(4,934,826)</u> | <u>(4,934,826)</u> |
| <u>Total Assets</u> | <u>5,441,527</u> | <u>5,441,527</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | |
| Pension | 783,978 | 783,978 |
| Other Post Employment Benefits | <u>27,999</u> | <u>27,999</u> |
| <u>Total Deferred Outflows</u> | <u>811,977</u> | <u>811,977</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 22,685 | 22,685 |
| Accrued Salaries and Benefits | 102,417 | 102,417 |
| Other Liabilities | - | - |
| Grant Amounts Received in Advance | 45,855 | 45,855 |
| NonCurrent Liabilities: | | |
| Compensated Absences | 60,183 | 60,183 |
| Net Pension Liability | 3,115,490 | 3,115,490 |
| Net Other Post Employment Benefits Liability | <u>106,058</u> | <u>106,058</u> |
| <u>Total Liabilities</u> | <u>3,452,688</u> | <u>3,452,688</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | |
| Pension | 580,127 | 580,127 |
| Other Post Employment Benefits | <u>46,395</u> | <u>46,395</u> |
| <u>Total Deferred Inflows</u> | <u>626,522</u> | <u>626,522</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 4,497,238 | 4,497,238 |
| Restricted for: | | |
| TABOR Reserve | 71,000 | 71,000 |
| Preschool | 9,988 | 9,988 |
| Food Service | 3,005 | 3,005 |
| Unrestricted | <u>(2,406,937)</u> | <u>(2,406,937)</u> |
| <u>TOTAL NET POSITION</u> | <u>2,174,294</u> | <u>2,174,294</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

| | General | Other Governmental Funds | Total Governmental Funds |
|--|----------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| Cash | 641,119 | 19,974 | 661,093 |
| Accounts Receivable | 17,521 | 10,862 | 28,383 |
| Accrued Revenue | 229,703 | - | 229,703 |
| Due From Other Funds | - | - | - |
| Property Taxes Receivable | 22,874 | - | 22,874 |
| Inventories | - | 2,236 | 2,236 |
| <u>Total Assets</u> | <u>911,217</u> | <u>33,072</u> | <u>944,289</u> |
| <u>LIABILITIES:</u> | | | |
| Accounts Payable | 18,890 | 3,795 | 22,685 |
| Accrued Salaries and Benefits | 94,469 | 7,948 | 102,417 |
| Due To Other Funds | - | - | - |
| Other Liabilities | - | - | - |
| Grant Amounts Received In Advance | 45,855 | - | 45,855 |
| <u>Total Liabilities</u> | <u>159,214</u> | <u>11,743</u> | <u>170,957</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | | |
| Property Tax | <u>7,559</u> | - | <u>7,559</u> |
| <u>FUND BALANCES:</u> | | | |
| Nonspendable: | | | |
| Inventories | - | 2,236 | 2,236 |
| Restricted: | | | |
| Emergency Reserve | 71,000 | - | 71,000 |
| Debt Service | - | - | - |
| Preschool | 9,988 | - | 9,988 |
| Food Service | - | 3,005 | 3,005 |
| Assigned: | | | |
| Student Activities | - | 16,088 | 16,088 |
| Unassigned: | | | |
| <u>Total Fund Balances</u> | <u>663,456</u> | <u>-</u> | <u>663,456</u> |
| <u>Total Fund Balances</u> | <u>744,444</u> | <u>21,329</u> | <u>765,773</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | | | |
| | <u>911,217</u> | <u>33,072</u> | <u>944,289</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

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

| | | |
|---|------------------|--------------------|
| <u>Total Fund Balance – Governmental Funds</u> | | 765,773 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$9,432,064 and the accumulated depreciation is \$4,934,826. | | 4,497,238 |
| Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax is shown as not available in the funds. | | 7,559 |
| Long-term liabilities, including capital leases and general obligation bonds are not due and payable in the current period and therefore are not reported in funds. Compensated absences are also paid in future periods and are unrecorded in funds. | | |
| Compensated Absences | <u>(60,183)</u> | (60,183) |
| Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level: | | |
| Net Pension Liability | (3,115,490) | |
| Net Other Post Employment Benefits Liability | (106,058) | |
| Deferred Outflows | 811,977 | |
| Deferred Inflows | <u>(626,522)</u> | <u>(3,036,093)</u> |
| <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u> | | <u>2,174,294</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|---|
| <u>REVENUES</u> | | | |
| Property Taxes | 589,199 | - | 589,199 |
| Specific Ownership Taxes | 88,616 | - | 88,616 |
| Earnings on Investments | 1,146 | 6 | 1,152 |
| Other Local Sources | 88,872 | 35,302 | 124,174 |
| State Aid | 1,569,873 | 349 | 1,570,222 |
| Federal Aid | 669,244 | 73,361 | 742,605 |
| <u>Total Revenues</u> | <u>3,006,950</u> | <u>109,018</u> | <u>3,115,968</u> |
| <u>EXPENDITURES</u> | | | |
| Current: | | | |
| Instructional Services | 1,394,092 | - | 1,394,092 |
| Supporting Services: | | | |
| Students | 10,000 | 30,545 | 40,545 |
| Instructional Staff | 161,732 | - | 161,732 |
| District Administration | 444,341 | - | 444,341 |
| School Administration | 159,156 | - | 159,156 |
| Business | 106,841 | - | 106,841 |
| Operation & Maintenance of Facilities | 323,328 | - | 323,328 |
| Transportation | 175,539 | - | 175,539 |
| Food Service | - | 107,788 | 107,788 |
| Central | 135,267 | - | 135,267 |
| Debt Service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Capital Outlay | - | - | - |
| <u>Total Expenditures</u> | <u>2,910,296</u> | <u>138,333</u> | <u>3,048,629</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u> | <u>96,654</u> | <u>(29,315)</u> | <u>67,339</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers | (20,061) | 20,061 | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>(20,061)</u> | <u>20,061</u> | <u>-</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | <u>76,593</u> | <u>(9,254)</u> | <u>67,339</u> |
| <u>FUND BALANCES – BEGINNING</u> | <u>679,148</u> | <u>30,583</u> | <u>709,731</u> |
| <u>PRIOR PERIOD ADJUSTMENT</u> | <u>(11,297)</u> | <u>-</u> | <u>(11,297)</u> |
| <u>FUND BALANCES – ENDING</u> | <u>744,444</u> | <u>21,329</u> | <u>765,773</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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

Net Change in Fund Balances – Total Governmental Funds 67,339

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$3,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

| | | |
|-----------------------------------|------------------|-----------|
| Capital Outlays More Than \$3,000 | 91,194 | |
| Depreciation Expense | <u>(227,302)</u> | (136,108) |

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. (3,841)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums is recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

| | | |
|--------------------------------|----------|--------|
| Repayment of Debt Principal | - | |
| Change in Compensated Absences | 27,181 | |
| Interest Expense | <u>-</u> | 27,181 |

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

| | | |
|-------------------------------------|---------------|---------------|
| Pension Cost | 3,447 | |
| Other Post Employment Benefits Cost | <u>11,234</u> | <u>14,681</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (30,748)

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

NOTES TO BASIC FINANCIAL STATEMENTS

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Aguilar School District RE-6 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Aguilar School District RE-6. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61)), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds
 1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Property taxes levied in 2022 but uncollected in 2023 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2023 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$3,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (3-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

K. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

In November of 1999 the registered voters approved a ballot resolution authorizing Aguilar School District RE-6 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2023 the District reserved \$71,000 for this purpose.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Constitutional Amendment (continued)

Spending and revenue limits are determined based on the prior fiscal year’s spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2022 property tax calendar for Las Animas County was as follows:

| | |
|---|-------------------|
| Levy Date | December 22, 2022 |
| Lien Date | January 1, 2023 |
| Tax Bills Mailed | January 1, 2023 |
| First Installment Due | February 28, 2023 |
| Second Installment Due | June 15, 2023 |
| If Paid in Full, Due | April 30, 2023 |
| Tax Sale – 2021 Delinquent Property Taxes | October 25, 2022 |

M. Accumulated Staff Leave

District policy allows for the accumulation of staff leave. Staff eligible for retirement under the Public Employees Retirement Association (PERA) statutes are paid an amount of money equal to their number of unused leave days times the daily per diem when there is a separation from service. Maximum reimbursable days may not exceed 30. Payments for termination other than retirement are at per diem for unused days not to exceed 12.

Compensated absences are reported as non-current liabilities in the government-wide financial statements. As of June 30, 2023, the District has recorded an estimated liability of \$60,183 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

| | <u>Balance</u> | | <u>Balance</u> |
|------------------------|---------------------|------------------|----------------------|
| | <u>July 1, 2022</u> | <u>Additions</u> | <u>June 30, 2023</u> |
| Accumulated Sick Leave | <u>87,364</u> | <u>-</u> | <u>60,183</u> |

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

| | <u>General Fund</u> | <u>Bond Redemption Fund</u> | <u>Food Service Fund</u> | <u>Student Activity Fund</u> | <u>Total Governmental Funds</u> |
|----------------------------|-------------------------|-------------------------------------|----------------------------------|--------------------------------------|---|
| <u>Nonspendable:</u> | | | | | |
| Inventories | - | - | 2,236 | - | 2,236 |
| <u>Restricted:</u> | | | | | |
| Emergencies | 71,000 | - | - | - | 71,000 |
| Preschool | 9,988 | - | - | - | 9,988 |
| Food Service | - | - | 3,005 | - | 3,005 |
| <u>Assigned:</u> | | | | | |
| Student Activities | - | - | - | 16,088 | 16,088 |
| <u>Unassigned</u> | <u>749,197</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>749,197</u> |
| <u>Total Fund Balances</u> | <u>830,185</u> | <u>-</u> | <u>5,241</u> | <u>16,088</u> | <u>851,514</u> |

Q. Recently Adopted Accounting Pronouncements:

On July 1, 2022, Aguilar School District RE-6 adopted GASB 96, Subscription-Based Information Technology Arrangements. The District will comply with GASB 96 on any long term subscription-based information technology arrangements that are individually or aggregately material to the financial statements.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

| <u>Items Eliminated</u> | <u>Transfers From Other Funds</u> | <u>Transfers To Other Funds</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-------------------------|---------------------------------------|-------------------------------------|---------------------------------|-------------------------------|
| General Fund | - | 20,061 | - | - |
| Food Service | <u>20,061</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>20,061</u> | <u>20,061</u> | <u>-</u> | <u>-</u> |

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund and Special Revenue Funds.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 3 BUDGETARY INFORMATION (Continued)

6. Budgets for the General, Debt Service, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

At June 30, 2023, the District's bank balance and corresponding carrying balance were as follows:

| | <u>Carrying Balance</u> | <u>Bank Balance</u> |
|--|-----------------------------|-------------------------|
| Insured (FDIC) | 250,000 | 250,000 |
| Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado | 408,364 | 444,684 |
| Cash with County Treasurer | 2,429 | - |
| Cash on Hand | <u>300</u> | <u>-</u> |
| <u>Total Cash and Deposits</u> | <u>661,093</u> | <u>694,684</u> |

As presented above, deposits with a bank balance of \$444,684 and a carrying balance of \$408,364 as of June 30, 2023 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

| | <u>Balance</u> <u>July 1, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2023</u> |
|---|---------------------------------------|------------------|------------------|--|
| <u>Non-Depreciable Assets:</u> | | | | |
| Land | 211,777 | - | - | 211,777 |
| <u>Total Non-Depreciable Assets</u> | <u>211,777</u> | <u>-</u> | <u>-</u> | <u>211,777</u> |
| <u>Depreciable Assets:</u> | | | | |
| Buildings & Site Improvements | 8,479,574 | - | - | 8,479,574 |
| Food Service Equipment | 39,507 | - | - | 39,507 |
| Vehicles | 414,882 | 70,415 | - | 485,297 |
| Equipment | 195,130 | 20,779 | - | 215,909 |
| <u>Total Depreciable Assets</u> | <u>9,129,093</u> | <u>91,194</u> | <u>-</u> | <u>9,220,287</u> |
| <u>Less Accumulated Depreciation for:</u> | | | | |
| Building & Site Improvements | 4,113,175 | 202,276 | - | 4,315,451 |
| Food Service Equipment | 35,414 | 1,022 | - | 36,436 |
| Equipment & Vehicles | 558,935 | 24,004 | - | 582,939 |
| <u>Total Accumulated Depreciation</u> | <u>4,707,524</u> | <u>227,302</u> | <u>-</u> | <u>4,934,826</u> |
| <u>Total Capital Assets, Net</u> | <u>4,633,346</u> | <u>(136,108)</u> | <u>-</u> | <u>4,497,238</u> |

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

Governmental Activities:

| | |
|---|----------------|
| Instruction | 206,367 |
| Operations and Maintenance | - |
| Transportation | 19,913 |
| Food Service | 1,022 |
| <u>Total Depreciation Expense – Governmental Activities</u> | <u>227,302</u> |

NOTE 6 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, and June 30, 2023 are estimated to be \$102,417. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 7

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Aguilar School District RE-6 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 Aguilar School District RE-6 are provided with pensions through the SCHDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 PENSION PLAN (Continued)

In all cases the service retirement benefit is limited to 100% of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

Contributions provisions as of June 30, 2023: Eligible employees of, Aguilar School District RE-6 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below.

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

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 PENSION PLAN (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Aguilar School District RE-6 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Aguilar School District RE-6 were \$296,781 for the year ended June 30, 2023.

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

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Aguilar School District RE-6 proportion of the net pension liability was based on Aguilar School District RE-6 contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the Aguilar School District RE-6 reported a liability of \$3,115,490 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Aguilar School District RE-6 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 Aguilar School District RE-6 were as follows:

| | |
|--|--------------|
| Aguilar School District RE-6 proportionate share of the net pension liability | \$ 3,115,490 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Aguilar School District RE-6 | \$ 907,885 |
| Total | \$ 4,023,375 |

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 PENSION PLAN (Continued)

At December 31, 2022, the Aguilar School District RE-6 proportion was 0.017%, which was a decrease of 0.002% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Aguilar School District RE-6 recognized pension income of \$3,447 and revenue of \$77,419 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Aguilar School District RE-6 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | 29,485 | - |
| Changes of assumptions or other inputs | 55,185 | - |
| Net difference between projected and actual earnings on pension plan investments | 418,525 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 123,765 | (580,127) |
| Contributions subsequent to the measurement date | 157,018 | N/A |
| Total | 783,978 | (580,127) |

\$157,018 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30, 2023 | |
|--------------------------|-----------|
| 2024 | (192,000) |
| 2025 | (120,174) |
| 2026 | 115,570 |
| 2027 | 243,437 |
| 2028 | - |
| Thereafter | - |

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 PENSION PLAN (Continued)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

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

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 PENSION PLAN (Continued)

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

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

Sensitivity of the Aguilar School District RE-6 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 PENSION PLAN (Continued)

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension | 4,077,105 | 3,115,490 | 2,312,443 |

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description – Employees of the Aguilar School District RE-6 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$6,086.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Aguilar School District RE-6 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 Aguilar School District RE-6 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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 service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The 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.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Aguilar School District RE-6 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Aguilar School District RE-6 were \$14,854 for the year ended June 30, 2023.

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

At June 30, 2023, the Aguilar School District RE-6 reported a liability of \$106,058 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Aguilar School District RE-6 proportion of the net OPEB liability was based on Aguilar School District RE-6 contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Aguilar School District RE-6 proportion was 0.013%, which was an increase of 0.0002% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Aguilar School District RE-6 recognized OPEB income of \$11,234. At June 30, 2023, the Aguilar School District RE-6 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | 14 | (25,648) |
| Changes of assumptions or other inputs | 1,705 | (11,706) |
| Net difference between projected and actual earnings on OPEB plan investments | 6,478 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 11,944 | (9,041) |
| Contributions subsequent to the measurement date | 7,858 | N/A |
| Total | 27,999 | (46,395) |

\$7,858 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, 2023 | |
|--------------------------|---------|
| 2024 | (7,276) |
| 2025 | (8,078) |
| 2026 | (5,211) |
| 2027 | (2,401) |
| | (2,755) |
| Thereafter | (533) |

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

| | State Division | School Division | Local Government Division | Judicial Division |
|--|-------------------|--------------------|--|----------------------|
| Actuarial cost method | | | Entry age | |
| Price inflation | | | 2.30% | |
| Real wage growth | | | 0.70% | |
| Wage inflation | | | 3.00% | |
| Salary increases, including wage inflation | | | | |
| Members other than State Troopers | 3.30%-10.90% | 3.40% -11.00% | 3.20%-11.30% | 2.80%-5.30% |
| State Troopers | 3.20%-12.40% | N/A | 3.20%-12.40% | N/A |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | | | 7.25% | |
| Discount rate | | | 7.25% | |
| Health care cost trend rates | | | | |
| PERA benefit structure: | | | | |
| Service-based premium subsidy | | | 0.00% | |
| PERACare Medicare plans | | | 6.50% in 2022, gradually decreasing to 4.50% in 2030 | |
| Medicare Part A premiums | | | 3.75% in 2022, gradually increasing to 4.50% in 2029 | |
| DPS benefit structure: | | | | |
| Service-based premium subsidy | | | 0.00 % | |
| PERACare Medicare plans | | | N/A | |
| Medicare Part A premiums | | | N/A | |

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

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

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

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

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

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

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

Sensitivity of the Aguilar School District RE-6 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:

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8

OTHER POST EMPLOYMENT BENEFITS (Continued)

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---------------------------------------|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare trend rate* | 5.25% | 6.25% | 7.25% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 3.00% | 4.00% | 5.00% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$103,057 | \$106,058 | \$109,325 |

*For the January 1, 2023, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Aguilar School District RE-6 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$122,953 | \$106,058 | \$91,608 |

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 JOINT VENTURE

Not reflected in the accompanying financial statements is the District's participation 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 District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicated that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2022, the latest year for which audits information is available is as follows:

| | |
|----------------------------------|--------------------|
| Assets and Deferred Outflows | 3,243,244 |
| Liabilities and Deferred Inflows | <u>5,814,798</u> |
| Net Position | <u>(2,571,554)</u> |
| | |
| Revenues | 5,068,949 |
| Expenses | <u>3,187,843</u> |
| Change in Net Position | <u>1,881,106</u> |

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES files an audited financial statement annually with Colorado State Auditor's Office.

NOTE 10 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2023.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 10 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

An audited summary of the Colorado School District's Pool financial information for the year ended June 30, 2022 (latest information available) follows:

| | |
|------------------------------------|--------------------|
| Total Assets | <u>77,006,177</u> |
| Total Liabilities | <u>41,993,151</u> |
| Total Equity | <u>35,013,026</u> |
| Revenue | 32,943,304 |
| Underwriting Expenses | <u>36,961,713</u> |
| Underwriting Gain (Loss) | <u>(4,018,409)</u> |
| Net Investment Income | 568,666 |
| Other Income | <u>19,428</u> |
| Net Income (Loss) Before Dividend | <u>(3,430,315)</u> |
| Dividend | - |
| Net Income (Loss) | <u>(3,430,315)</u> |
| Transfer of Capital Contributions | - |
| Change in Non Admitted Assets | - |
| Capital Contributions from Members | - |
| Unassigned Surplus | <u>35,013,026</u> |

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The District continues to carry commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 12 INTERFUND BALANCES AND TRANSFERS

| <u>Transfers</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|-------------------|--------------------|---------------------|
| General Fund | - | 20,061 |
| Food Service Fund | <u>20,061</u> | <u>-</u> |
| | <u>20,061</u> | <u>20,061</u> |

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations.

NOTE 13 BUDGET ACTIVITY

The Food Service Fund expended \$6,954 in excess of the amount budgeted for the year.

The Student Activities Fund expended \$18,545 in excess of amounts budgeted for the year.

NOTE 14 PRIOR PERIOD ADJUSTMENT

The District requested and received \$22,500 of federal financial assistance during fiscal year 2023. The expenditures were actually made in fiscal year 2022 and the associated revenue should have been recognized in that period. Additionally, a grant receivable for \$33,797 was recorded at June 30, 2022 that was determined ineligible due to a late request. These amounts have been recognized in the financial statements as an addition to the current year beginning General Fund Balance and the entity-wide net position.

The net effect on Net Position and Fund Balance was:

| | |
|-------------------------------------|-----------------|
| Disallowed grant receivable | (33,797) |
| Revenue associated with fiscal 2022 | <u>22,500</u> |
| | <u>(11,297)</u> |

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Pension Trend Data

Other Post Employment Benefit Trend Data

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance- Favorable (Unfavorable)</u> |
|------------------------------------|-------------------------|------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| <u>Local Sources</u> | | | | |
| Property Taxes | 500,323 | 500,323 | 589,199 | 88,876 |
| Specific Ownership Taxes | 63,455 | 63,455 | 88,616 | 25,161 |
| Earnings on Investments | 500 | 500 | 1,146 | 646 |
| Delinquent Taxes & Interest | - | - | 1,294 | 1,294 |
| Other | 69,000 | 69,000 | 87,578 | 18,578 |
| <u>State Sources</u> | | | | |
| Equalization | 1,376,706 | 1,376,706 | 1,387,410 | 10,704 |
| Transportation | - | - | 16,669 | 16,669 |
| Vocational Education | - | - | - | - |
| Other | - | - | 165,794 | 165,794 |
| <u>Federal Sources</u> | | | | |
| Designated Purpose Grants | 762,000 | 762,000 | 669,244 | (92,756) |
| Other | - | - | - | - |
| <u>TOTAL REVENUES</u> | <u>2,771,984</u> | <u>2,771,984</u> | <u>3,006,950</u> | <u>234,966</u> |
| <u>EXPENDITURES</u> | | | | |
| <u>Instruction</u> | | | | |
| Salaries | 939,501 | 939,501 | 912,661 | 26,840 |
| Employee Benefits | 324,181 | 324,181 | 367,442 | (43,261) |
| Purchased Services - Professional | 398,500 | 398,500 | 17,309 | 381,191 |
| Purchased Services – Property | - | - | 755 | (755) |
| Purchased Services – Other | 500 | 500 | 3,076 | (2,576) |
| Supplies and Materials | 224,337 | 224,337 | 35,683 | 188,654 |
| Property | 27,500 | 27,500 | 38,818 | (11,318) |
| Other Objects | 54,808 | 54,808 | 18,348 | 36,460 |
| <u>Total Instruction</u> | <u>1,969,327</u> | <u>1,969,327</u> | <u>1,394,092</u> | <u>575,235</u> |
| <u>SUPPORTING SERVICES</u> | | | | |
| <u>Student Supporting Services</u> | | | | |
| Purchased Services – Professional | - | - | 7,091 | (7,091) |
| Supplies and Materials | - | - | 2,000 | (2,000) |
| Other Objects | - | - | 909 | (909) |
| <u>Total Student Services</u> | <u>-</u> | <u>-</u> | <u>10,000</u> | <u>(10,000)</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance - |
|--|-------------------------|----------------|-----------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable (Unfavorable) |
| <u>SUPPORTING SERVICES (Continued)</u> | | | | |
| <u>Instructional Staff</u> | | | | |
| Salaries | - | - | 91,082 | (91,082) |
| Employee Benefits | - | - | 13,411 | (13,411) |
| Purchased Services – Professional | - | - | 46,914 | (46,914) |
| Purchased Services – Property | - | - | - | - |
| Purchased Services – Other | - | - | 1,075 | (1,075) |
| Supplies and Materials | - | - | 6,325 | (6,325) |
| Property | - | - | 1,087 | (1,087) |
| Other Objects | - | - | <u>1,838</u> | <u>(1,838)</u> |
| <u>Total Instructional Staff</u> | <u>-</u> | <u>-</u> | <u>161,732</u> | <u>(161,732)</u> |
| <u>General Administration</u> | | | | |
| Salaries | 142,854 | 142,854 | 251,790 | (108,936) |
| Employee Benefits | 32,601 | 32,601 | 84,771 | (52,170) |
| Purchased Services – Professional | 20,000 | 20,000 | 85,181 | (65,181) |
| Purchased Services – Property | - | - | - | - |
| Purchased Services – Other | - | - | 12,279 | (12,279) |
| Supplies and Materials | 25,000 | 25,000 | 2,816 | 22,184 |
| Property | 20,000 | 20,000 | - | 20,000 |
| Other Objects | - | - | <u>7,504</u> | <u>(7,504)</u> |
| <u>Total General Administration</u> | <u>240,455</u> | <u>240,455</u> | <u>444,341</u> | <u>(203,886)</u> |
| <u>School Administration</u> | | | | |
| <u>Office of the Principal</u> | | | | |
| Salaries | 65,155 | 65,155 | 53,209 | 11,946 |
| Employee Benefits | 19,500 | 19,500 | 28,837 | (9,337) |
| Purchased Services – Professional | - | - | 29,859 | (29,859) |
| Purchased Services – Property | - | - | - | - |
| Purchased Services – Other | - | - | 7,836 | (7,836) |
| Supplies and Materials | - | - | 9,881 | (9,881) |
| Property | - | - | 800 | (800) |
| Other Objects | - | - | <u>28,734</u> | <u>(28,734)</u> |
| <u>Total School Administration</u> | <u>84,655</u> | <u>84,655</u> | <u>159,156</u> | <u>(74,501)</u> |
| <u>Business Services</u> | | | | |
| Salaries | 58,726 | 58,726 | 59,326 | (600) |
| Employee Benefits | 12,753 | 12,753 | 31,936 | (19,183) |
| Purchased Services – Professional | - | - | 7,110 | (7,110) |
| Purchased Services – Property | - | - | - | - |
| Purchased Services – Other | - | - | 362 | (362) |
| Supplies and Materials | 10,000 | 10,000 | 503 | 9,497 |
| Other Objects | <u>11,000</u> | <u>11,000</u> | <u>7,604</u> | <u>3,396</u> |
| <u>Total Business Services</u> | <u>92,479</u> | <u>92,479</u> | <u>106,841</u> | <u>(14,362)</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance -</u> |
|---|-------------------------|------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| <u>SUPPORTING SERVICES (Continued)</u> | | | | |
| <u>Operations and Maintenance</u> | | | | |
| Salaries | 67,387 | 67,387 | 78,600 | (11,213) |
| Employee Benefits | 15,018 | 15,018 | 34,945 | (19,927) |
| Purchased Services – Professional | - | - | 19,916 | (19,916) |
| Purchased Services – Property | 275,000 | 275,000 | 40,539 | 234,461 |
| Purchased Services – Other | - | - | - | - |
| Supplies and Materials | 65,000 | 65,000 | 149,328 | (84,328) |
| Property | 30,000 | 30,000 | - | 30,000 |
| Other Objects | - | - | - | - |
| <u>Total Operations and Maintenance</u> | <u>452,405</u> | <u>452,405</u> | <u>323,328</u> | <u>129,077</u> |
| <u>Student Transportation</u> | | | | |
| Salaries | 36,613 | 36,613 | 48,239 | (11,626) |
| Employee Benefits | 19,370 | 19,370 | 23,296 | (3,926) |
| Purchased Services – Professional | - | - | 12,639 | (12,639) |
| Purchased Services – Property | - | - | 663 | (663) |
| Purchased Services – Other | 45,500 | 45,500 | - | 45,500 |
| Supplies and Materials | 8,000 | 8,000 | 20,225 | (12,225) |
| Property | - | - | 70,465 | (70,465) |
| Other Objects | - | - | 12 | (12) |
| <u>Total Student Transportation</u> | <u>109,483</u> | <u>109,483</u> | <u>175,539</u> | <u>(66,056)</u> |
| <u>Central Support</u> | | | | |
| Salaries | 65,000 | 65,000 | - | 65,000 |
| Employee Benefits | 19,018 | 19,018 | - | 19,018 |
| Purchased Services – Other | 147,000 | 147,000 | 110,517 | 36,483 |
| Supplies and Materials | 5,000 | 5,000 | - | 5,000 |
| Property | - | - | - | - |
| Other Objects | 5,000 | 5,000 | 24,750 | (19,750) |
| <u>Total Central Support</u> | <u>241,018</u> | <u>241,018</u> | <u>135,267</u> | <u>105,751</u> |
| <u>TOTAL SUPPORTING SERVICES</u> | <u>1,220,495</u> | <u>1,220,495</u> | <u>1,516,204</u> | <u>(295,709)</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance - Favorable (Unfavorable) |
|--|-------------------------|--------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>DEBT SERVICE</u> | - | - | - | - |
| <u>APPROPRIATED RESERVES</u> | 47,000 | 47,000 | - | 47,000 |
| <u>TOTAL EXPENDITURES</u> | 3,236,822 | 3,236,822 | 2,910,296 | 326,526 |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (464,838) | (464,838) | 96,654 | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers | (82,743) | (82,743) | (20,061) | 62,682 |
| <u>Total Other Financing Sources (Uses)</u> | (82,743) | (82,743) | (20,061) | 62,682 |
| <u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u> | (382,095) | (382,095) | 76,598 | |
| <u>FUND BALANCE, July 1</u> | 310,000 | 310,000 | 679,148 | |
| <u>PRIOR PERIOD ADJUSTMENT</u> | - | - | (11,297) | |
| <u>FUND BALANCE, June 30</u> | (72,095) | (72,095) | 744,444 | |

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability (asset) | 0.0171% | 0.0196% | 0.0240% | 0.0247% | 0.0188% | 0.0203% | 0.0201% | 0.0201% | 0.0212% | 0.0224% |
| District's proportionate share of the net pension liability (asset) | \$3,115,490 | \$2,237,301 | \$3,622,457 | \$3,059,169 | \$3,332,754 | \$6,574,805 | \$5,991,150 | \$3,068,263 | \$2,871,139 | \$2,848,982 |
| State's proportionate share of the net pension liability associated with the District** | \$907,885 | \$261,178 | - | \$388,016 | \$455,708 | - | - | - | - | - |
| District's covered payroll | \$1,456,225 | \$1,301,067 | \$1,242,291 | \$1,229,481 | \$1,134,399 | \$1,035,257 | \$939,453 | \$865,825 | \$875,690 | \$923,362 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 214% | 172% | 292% | 249% | 293% | 635% | 637% | 354% | 328% | 309% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.79% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.13% | 59.16% | 62.80% | 64.06% |

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contributions | \$ 296,781 | \$ 258,651 | \$ 246,967 | \$ 238,273 | \$ 217,011 | \$ 195,332 | \$ 172,961 | \$ 153,578 | \$ 147,911 | \$ 147,558 |
| Contributions in relation to the contractually required contributions | <u>\$(296,781)</u> | <u>\$(258,651)</u> | <u>\$(246,967)</u> | <u>\$(238,273)</u> | <u>\$(217,011)</u> | <u>\$(195,332)</u> | <u>\$(172,961)</u> | <u>\$(153,578)</u> | <u>\$(147,911)</u> | <u>\$(147,558)</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$1,456,225 | \$1,301,067 | \$1,242,291 | \$1,229,481 | \$1,134,399 | \$1,035,257 | \$939,453 | \$865,825 | \$875,690 | \$923,362 |
| Contributions as a percentage of covered payroll | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.87% | 18.41% | 17.74% | 16.89% | 15.98% |

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net OPEB liability (asset) | 0.0130% | 0.0127% | 0.0139% | 0.0133% | 0.0122% | 0.0116% | 0.0114% | - | - | - |
| District's proportionate share of the net OPEB liability (asset) | \$106,058 | \$110,225 | \$131,653 | \$150,417 | \$166,451 | \$150,141 | \$148,294 | - | - | - |
| District's covered payroll | \$1,456,225 | \$1,301,067 | \$1,242,291 | \$1,229,481 | \$1,134,399 | \$1,035,257 | \$939,453 | - | - | - |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 7.28% | 8.47% | 10.59% | 12.23% | 14.67% | 14.50% | 15.79% | - | - | - |
| Plan fiduciary net position as a percentage of the total OPEB liability | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 17.53% | 16.72% | - | - | - |

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------|-------------|-------------|
| Contractually required contributions | \$ 14,854 | \$ 13,269 | \$ 12,671 | \$ 12,541 | \$ 11,570 | \$ 10,560 | \$ 9,582 | - | - | - |
| Contributions in relation to the contractually required contributions | <u>\$(14,854)</u> | <u>\$(13,269)</u> | <u>\$(12,671)</u> | <u>\$(12,541)</u> | <u>\$(11,570)</u> | <u>\$(10,560)</u> | <u>\$(9,582)</u> | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - | - | - |
| District's covered payroll | \$1,456,225 | \$1,301,067 | \$1,242,291 | \$1,229,481 | \$1,134,399 | \$1,035,257 | \$939,453 | - | - | - |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | - | - | - |

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Student Activity Fund – This fund is used to account for amounts held and used for various student clubs and organizations.

AGUILAR SCHOOL DISTRICT RE-6
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2023

| | <u>Special Revenue Fund</u> | | <u>Total</u> |
|--|-----------------------------|-----------------|---------------------|
| | <u>Food</u> | <u>Student</u> | <u>Non-Major</u> |
| | <u>Service</u> | <u>Activity</u> | <u>Governmental</u> |
| | | <u>Fund</u> | <u>Funds</u> |
| <u>ASSETS</u> | | | |
| Cash | 3,886 | 16,088 | 19,974 |
| Investments | - | - | - |
| Accounts Receivable | 10,862 | - | 10,862 |
| Accrued Revenue | - | - | - |
| Due From Other Funds | - | - | - |
| Inventories | 2,236 | - | 2,236 |
| Receivables – Other | - | - | - |
| <u>Total Assets</u> | <u>16,984</u> | <u>16,088</u> | <u>33,072</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities:</u> | | | |
| Accounts Payable | 3,795 | - | 3,795 |
| Accrued Salaries | 7,948 | - | 7,948 |
| Due To Other Funds | - | - | - |
| <u>Total Liabilities</u> | <u>11,743</u> | <u>-</u> | <u>11,743</u> |
| <u>Fund Balances:</u> | | | |
| <u>Nonspendable:</u> | | | |
| Inventories | 2,236 | - | 2,236 |
| <u>Restricted:</u> | | | |
| Food Service | 3,005 | - | 3,005 |
| <u>Assigned:</u> | | | |
| Student Activities | - | 16,088 | 16,088 |
| <u>Total Fund Balances</u> | <u>5,241</u> | <u>16,088</u> | <u>21,329</u> |
| <u>TOTAL LIABILITIES & FUND BALANCES</u> | <u>16,984</u> | <u>16,088</u> | <u>33,072</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2023

| | <u>Special Revenue Funds</u> | | <u>Total</u> |
|--|------------------------------|-----------------|---------------------|
| | <u>Food</u> | <u>Student</u> | <u>Non-Major</u> |
| | <u>Service</u> | <u>Activity</u> | <u>Governmental</u> |
| | | <u>Fund</u> | <u>Funds</u> |
| <u>REVENUES:</u> | | | |
| Earning on Investments | 6 | - | 6 |
| Other Local Sources | 1,161 | 34,141 | 35,302 |
| State Aid | 349 | - | 349 |
| Federal Aid | <u>73,361</u> | <u>-</u> | <u>73,361</u> |
| <u>Total Revenues</u> | <u>74,877</u> | <u>34,141</u> | <u>109,018</u> |
| <u>EXPENDITURES:</u> | | | |
| Instruction | - | - | - |
| Student Support | - | 30,545 | 30,545 |
| Food Service | <u>107,788</u> | <u>-</u> | <u>107,788</u> |
| <u>Total Expenditures</u> | <u>107,788</u> | <u>30,545</u> | <u>138,333</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES</u> | | | |
| <u>OVER (UNDER) EXPENDITURES</u> | | | |
| | (32,911) | 3,596 | (29,315) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers | <u>20,061</u> | <u>-</u> | <u>20,061</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | | | |
| | (12,850) | 3,596 | (9,254) |
| <u>FUND BALANCES, Beginning</u> | | | |
| | <u>18,091</u> | <u>12,492</u> | <u>30,583</u> |
| <u>FUND BALANCES, Ending</u> | | | |
| | <u>5,241</u> | <u>16,088</u> | <u>21,329</u> |

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

AGUILAR SCHOOL DISTRICT RE-6
FOOD SERVICES – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|--|----------------|----------------|--|
| <u>REVENUES</u> | | | |
| <u>Local Sources</u> | | | |
| Food Sales | - | 1,161 | |
| Earnings on Investments | - | 6 | |
| Other | - | - | |
| <u>State Sources</u> | | | |
| School Lunches and Breakfast | - | 349 | |
| <u>Federal Sources</u> | | | |
| School Lunches and Breakfast | - | 71,157 | |
| Commodities | - | 2,204 | |
| <u>Total Revenues</u> | <u>82,743</u> | <u>74,877</u> | <u>7,866</u> |
| <u>EXPENDITURES</u> | | | |
| Salaries | 47,211 | 37,259 | 9,952 |
| Employee Benefits | 16,191 | 15,155 | 1,036 |
| Purchased Services – Professional | - | - | - |
| Purchased Services – Property | - | - | - |
| Purchased Services – Other | - | - | - |
| Food Purchases | 22,000 | 51,670 | (29,670) |
| Capital Outlay | 1,500 | 1,500 | - |
| Commodities | 2,000 | 2,204 | (204) |
| Non-Food Supplies | - | - | - |
| Appropriated Reserves | 11,932 | - | 11,932 |
| <u>Total Expenditures</u> | <u>100,834</u> | <u>107,788</u> | <u>(6,954)</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (18,091) | (32,911) | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers | - | 20,061 | 20,061 |
| <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u> | | | |
| | (18,091) | (12,850) | |
| <u>FUND BALANCE, July 1</u> | <u>18,091</u> | <u>18,091</u> | |
| <u>FUND BALANCE, June 30</u> | <u>-</u> | <u>5,241</u> | |

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

AGUILAR SCHOOL DISTRICT RE-6
 STUDENT ACTIVITY FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable (Unfavorable) |
|--|-------------------|-------------------|---|
| <u>REVENUES</u> | | | |
| Other Local | - | <u>34,141</u> | <u>34,141</u> |
| <u>Total Revenues</u> | - | <u>34,141</u> | <u>34,141</u> |
| <u>EXPENDITURES</u> | | | |
| Student Activities | <u>12,000</u> | <u>30,545</u> | <u>(18,545)</u> |
| <u>Total Expenditures</u> | <u>12,000</u> | <u>30,545</u> | <u>(18,545)</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (12,000) | 3,596 | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers | - | - | - |
| <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u> | (12,000) | 3,596 | |
| <u>FUND BALANCE, July 1</u> | <u>12,000</u> | <u>12,492</u> | |
| <u>FUND BALANCE, June 30</u> | <u>-</u> | <u>16,088</u> | |

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1620 - Aguilar Reorganized 6
 Fiscal Year 2022-23
 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) | 628,396 | 0 | 9,988 | 16,088 | 0 | 0 | 3,886 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 658,357 |
| Cash with Fiscal Agent (8105) | 2,735 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,735 |
| Taxes Receivable (8121,8122) | 22,874 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,874 |
| Interfund Loans Receivable (8131,8132) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental Accounts Rec (8141) | 17,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,521 |
| Grants Accounts Receivable (8142) | 229,704 | 0 | 0 | 0 | 0 | 0 | 10,862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 240,566 |
| Other Receivables (8151-8154,8161) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories (8171,8172,8173) | 0 | 0 | 0 | 0 | 0 | 0 | 2,236 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,236 |
| Sites and Site Improvements (8211, 8221, 8222) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Machinery and Equipment (8241,8242,8251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets | 901,230 | 0 | 9,988 | 16,088 | 0 | 0 | 16,984 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 944,290 |

| | 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) | 18,889 | 0 | 0 | 0 | 0 | 0 | 3,795 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,685 |
| Accrued Expenses (7461) | 76,931 | 0 | 0 | 0 | 0 | 0 | 7,948 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,879 |
| Payroll Ded. and Withholdings (7471-7473) | 17,579 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,579 |
| Unearned Revenue (7481) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Port. Deferral Revenue (7482) | 45,814 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45,814 |
| Unearned Info# (7500) | 7,559 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,559 |
| Total Liabilities | 166,773 | 0 | 0 | 0 | 0 | 0 | 11,744 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 178,517 |

Governmental

Proprietary

Fiduciary

| FUND EQUITY | 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, 70-79 | Trusts & Foundations Fund 85 | Totals |
|---|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|--|------------------------------|----------------|
| New Sustainable Fund Balance 6710 | 0 | 0 | 0 | 0 | 0 | 0 | 2,236 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,236 |
| Positive Fund Balance 6720 | 0 | 0 | 0 | 0 | 0 | 0 | 3,004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,004 |
| LABOR Emergency Reserve 6721 | 71,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 71,000 |
| LABOR Multi-year 6722 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| District Emergency Reserve (letter of credit or real estate) 6724 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charter Preschool Program (CPP) Reserve 6724 | 0 | 0 | 9,988 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,988 |
| Full-Day Kindergarten Reserve 6725 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Risk-Related / Restricted Capital Reserve 6726 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3531 Capital Reserve 6727 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Program Reserve 6728 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed Fund Balance 6730 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assigned Fund Balance 6760 | 674,754 | 0 | 0 | 16,088 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 674,754 |
| Unassigned Fund Balance 6770 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Invested in Capital Assets, Net of Related Debt 6790 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted Net Assets 6791 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted Net Assets 6792 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prior Period Adjustment 6880 | -11,297 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -11,297 |
| Total Fund Equity | 734,457 | 0 | 9,988 | 16,088 | 0 | 0 | 5,240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 765,773 |

| 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, 70-79 | Trusts & Foundations Fund 85 | Totals |
|---------------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|--|------------------------------|---------|
| 901,230 | 0 | 9,988 | 16,088 | 0 | 0 | 16,984 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 944,290 |
| Total Liabilities & Fund Equity | | | | | | | | | | | | | | |
| 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, 70-79 | Trusts & Foundations Fund 85 | Totals |
| 901,230 | 0 | 9,988 | 16,088 | 0 | 0 | 16,984 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 944,290 |

For Each Fund Type:
Do Assets=Liability+Fund Equity