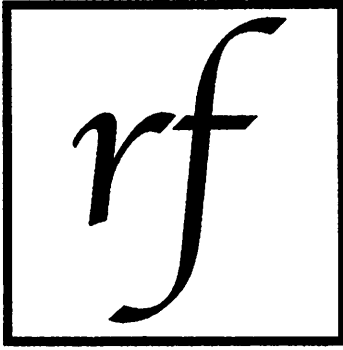




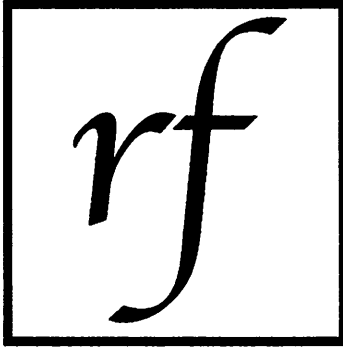
East Otero School District Number R-1
La Junta, Colorado

Financial Statements with
Independent Auditor's Report

For the year ended June 30, 2023

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Independent Auditor's Report

Board of Education
East Otero School District R-1

Opinions

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

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

Responsibilities of Management for the Financial Statements

The District's 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

*r*farmer, llc

a certified public accounting and consulting firm

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of the District's proportionate share of net pension and OPEB liabilities and contributions and related ratios 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.

Management has elected to omit the Management's Discussion and Analysis. The omission of this information does not affect our opinion on the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information including the balance sheet, statement of revenues, expenditures, and changes in fund balance, and budget to actual information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The auditor's integrity report is required to be presented as supplementary information by the Colorado Department of Education. Due to the lateness of filing the audit and the auditor's integrity report, the reconciliation of the auditor's integrity report with the audited financial statements is included. In our opinion, the auditor's integrity report and the reconciliation of the auditor's integrity report are fairly stated, in all material respects, in relations to the basic financial statements as a whole.

rfarmer, llc

November 4, 2024

East Otero School District R-2
Statement of Net Position
June 30, 2023

ASSETS	
Cash and cash equivalents	\$ 8,113,107
Due from other governmental agencies	1,592,090
Inventories	47,777
Capital Assets	
Land	257,210
Construction in progress	94,952
Buildings	42,073,107
Equipment and furniture	3,305,328
Accumulated depreciation	(24,113,379)
Total assets	<u>31,370,192</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	9,694,749
OPEB	104,516
Total deferred outflows of resources	<u>9,799,265</u>
LIABILITIES	
Accounts payable	402,679
Accrued liabilities	734,204
Unearned revenue	57,624
Long-term liabilities	
Due within one year	
Bonds payable	360,000
Compensated absences	63,608
Due in more than one year	
Bonds payable	2,610,000
Net pension liability	21,490,848
Net OPEB liability	732,343
Total liabilities	<u>26,451,306</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	-
OPEB	257,933
Total deferred inflows of resources	<u>257,933</u>
NET POSITION	
Net investment in capital assets	18,647,218
Restricted	
Debt service	1,499,160
TABOR	565,140
Unrestricted	(6,251,301)
Total net position	<u><u>\$ 14,460,218</u></u>

The accompanying notes are integral part of these financial statements.

East Otero School District R-1
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government					
Governmental Activities					
Instructional					
Instruction	\$ 9,561,975	\$ -	\$ 2,701,249	\$ -	\$ (6,860,726)
Student Support Services	2,858,802	25,392	696,802	-	(2,136,608)
Instructional Staff Services	216,509	-	-	-	(216,509)
General Administration	364,113	-	-	-	(364,113)
School Administration	940,069	-	-	-	(940,069)
Business Services	27,205	-	-	-	(27,205)
Community Services	20,415	-	-	-	(20,415)
Food Services	1,370,347	19,400	1,211,700	-	(139,247)
Support Services					
Central Support	635,792	-	-	-	(635,792)
Operations & Maintenance	396,004	-	-	3,009,485	2,613,481
Student Transportation	365,451	-	51,069	-	(314,382)
Interest on Long-term debt	92,973	-	-	-	(92,973)
Total governmental activities	\$ 16,849,655	\$ 44,792	\$ 4,660,820	\$ 3,009,485	(9,134,558)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,243,075
Property taxes, levied for debt service					446,677
Specific ownership, general					441,816
Specific ownership, debt service					95,445
State & federal aid not restricted to specific functions:					
State equalization/ Per Pupil revenue					11,888,737
Unrestricted investment earnings					161,569
Insurance claims					222,214
Miscellaneous					13,911
Transfers					-
Total general revenue, special items, and transfers					15,513,444
Change in net position					6,378,886
Net position, beginning					8,010,454
Prior period adjustment					70,878
Net position, beginning restated					8,081,332
Net position ending					\$ 14,460,218

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

East Otero School District R-1
Balance Sheet
Non-major Governmental Funds
For the year ended June 30, 2023

	General	Grants Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 6,144,314	\$ (861,510)	\$ 1,499,160	\$ 844,938	\$ 486,205	\$ 8,113,107
Due from other funds	286,020	67,952	-	-	128,075	482,047
Other receivables	209,092	1,190,127	-	-	192,871	1,592,090
Inventories	-	-	-	-	47,777	47,777
Total Assets	<u>\$ 6,639,426</u>	<u>\$ 396,569</u>	<u>\$ 1,499,160</u>	<u>\$ 844,938</u>	<u>\$ 854,928</u>	<u>\$ 10,235,021</u>
Liabilities and Fund Balances						
Accounts payable	\$ 43,163	\$ 4,562	\$ -	\$ 283,921	\$ 71,033	\$ 402,679
Due to other funds	196,028	276,454	-	-	9,565	482,047
Unearned revenues	-	57,624	-	-	-	57,624
Other accrued expenses	676,275	57,929	-	-	-	734,204
Total Liabilities	<u>915,466</u>	<u>396,569</u>	<u>-</u>	<u>283,921</u>	<u>80,598</u>	<u>1,676,554</u>
Fund Balances						
Non-spendable	-	-	-	-	47,777	47,777
Restricted	565,140	-	1,499,160	-	-	2,064,300
Assigned	-	-	-	561,017	726,553	1,287,570
Unassigned	5,158,820	-	-	-	-	5,158,820
Total Fund Balance	<u>5,723,960</u>	<u>-</u>	<u>1,499,160</u>	<u>561,017</u>	<u>774,330</u>	<u>8,558,467</u>
Total Liabilities and Fund Balance	<u>\$ 6,639,426</u>	<u>\$ 396,569</u>	<u>\$ 1,499,160</u>	<u>\$ 844,938</u>	<u>\$ 854,928</u>	<u>\$ 10,235,021</u>

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

East Otero School District R-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balance, governmental funds	\$ 8,558,467
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	21,617,217
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position

Pension plan deferred outflows	9,694,749
OPEB deferred outflows	104,516

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities statement of net position.

Bonds payable	(2,970,000)
Accrued interest on long-term debt	-
Compensated absences	(63,608)
Pension liabilities	(21,490,848)
OPEB liabilities	(732,343)
Deferred inflows - Pension	-
Deferred inflows - OPEB	(257,933)

Net position of governmental activities in the Statement of Net Position	<u>\$ 14,460,217</u>
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The accompanying notes are an integral part of these financial statements.

East Otero School District R-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended June 30, 2023

	General	Grants Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Revenues						
Property Taxes	\$ 2,236,513	\$ -	\$ 446,677	\$ -	\$ -	\$ 2,683,190
Specific Ownership Taxes	441,816	-	95,445	-	-	537,261
Student Activities	13,822,454	-	-	-	354,843	14,177,297
Intergovernmental	-	3,969,331	-	-	1,211,700	5,181,031
Charges for Services	14,511	-	-	-	19,400	33,911
Investment earnings	68,823	-	89,625	-	3,089	161,537
Insurance claims	222,214	-	-	-	-	222,214
Miscellaneous	218,185	-	-	-	13,911	232,096
Total Revenues	17,024,516	3,969,331	631,747	-	1,602,944	23,228,538
Expenditures						
Instruction	11,251,278	913,231	-	-	-	12,164,509
Student Support Services	759,848	2,098,954	-	-	-	2,858,802
Instructional Support Services	85,451	131,058	-	-	-	216,509
General Administration	296,583	67,530	-	-	-	364,113
School Administration	874,747	65,322	-	-	-	940,069
Business Services	27,205	-	-	-	-	27,205
Student Transportation	365,451	-	-	-	-	365,451
Operations and Maintenance	1,618,877	-	-	-	-	1,618,877
Central Support	634,499	-	-	-	-	634,499
Food Services	-	-	-	-	1,370,347	1,370,347
Community Services	20,415	-	-	-	-	20,415
Student Activities	-	142,323	-	-	412,923	555,246
Principal	-	-	350,000	-	-	350,000
Interest	-	-	92,973	-	-	92,973
Capital Outlay	1,183,728	-	-	394,151	84	1,577,963
Total Expenditures	17,118,082	3,418,418	442,973	394,151	1,783,354	23,156,978
Excess (deficiency) of revenues over expenditures	(93,566)	550,913	188,774	(394,151)	(180,410)	71,560
Other Financing Sources (Uses)						
Transfers in	-	-	-	500,000	-	500,000
Transfers out	(500,000)	-	-	-	-	(500,000)
Net other financing sources (uses)	(500,000)	-	-	500,000	-	-
Excess (deficiency) of revenues over expenditures	(593,566)	550,913	188,774	105,849	(180,410)	71,560
Fund balance - beginning	6,679,526	-	1,310,386	455,168	1,109,613	9,554,693
Prior period adjustment	(362,000)	(550,913)	-	-	(154,873)	(1,067,786)
Fund balance - beginning, restated	6,317,526	(550,913)	1,310,386	455,168	954,740	8,486,907
Fund balance - ending	\$ 5,723,960	\$ -	\$ 1,499,160	\$ 561,017	\$ 774,329	\$ 8,558,466

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

East Otero School District R-1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balance - total governmental funds \$ 71,560

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports depreciation expense over the estimated useful lives of the district's capital assets. This is the amount by which capital outlay exceeds depreciation expense in the current period:

Capital outlay	2,800,836	
Depreciation expense	<u>(1,447,257)</u>	1,353,579

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities, this is the amount by which repayments exceeded proceeds.

350,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:

Net difference between PERA and OPEB actual expense contributions		<u>4,603,747</u>
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Change in net position of governmental activities		<u><u>\$ 6,378,886</u></u>
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The accompanying notes are an integral part of these financial statements.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Otero School District R-1 (the “District”) of Otero County was reorganized by a vote of qualified electorates in 1961, under the provisions of Colorado School Organization Act of 1957. The District operates under an elected Board of Education with five members and provides educational services to approximately 1,425 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in East Otero School District Number R-1. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding 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.

The following is a summary of the District’s significant accounting policies:

1. The Reporting Entity

Governmental Accounting Standard Board (GASB) Statement No. 14, “*The Financial Reporting Entity*” (*GASB No. 14*) describes the financial reporting entity as it relates to governmental accounting. According to the 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

2. 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 non-fiduciary activities of the primary government and its component unit. 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, if any, 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 or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements when they exist.

3. 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 the related cash flows. Property taxes 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 and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows or resources generally are included on the balance sheet. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues include (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 the year-end.

Property and automotive ownership taxes are reported as receivables 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 the revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exceptions of general obligation and capital lease debt service which is recognized when due and certain accrued sick personal

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The 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 total net 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 non-operating revenue and expenses.

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.

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, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and means by which spending activities are controlled. The major fund presented in the accompanying financial statements are as follows:

Major Governmental Funds:

- 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.
- Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
- Special Revenue Fund – used to account for the proceeds of specified revenue sources that are legally restricted to expenditures for specified purposes.
 - Governmental Designated – Title Programs Fund – used to account for restricted state and federal grants including but not limited to Every Student Succeeds Act program which must be expanded as designated by the grantor agency.
- Capital Projects Fund – used to account for the accumulation of resources for, and the expenditure of major capital projects for the District.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Assets, Liabilities and Net Position or Equity

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. 75 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease in investment assets and investment income.

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 revenue and are presented net of allowance of uncollectible taxes.

Inventories

Material and supplies inventories are stated at cost. Inventories recorded in the Food Service 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.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District has no reportable infrastructure.

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

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 – 20
Buildings and building improvements	7 – 40
Vehicles	5 – 10
Equipment	5 – 20

Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of the acquisition and any remaining depreciation is recorded in the year of disposition.

Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and over 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 debts of governmental funds at 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 and Capital Projects Fund. The long-term accumulated unpaid accrued sick, personal, and vacation leave are serviced from property taxes and other revenues by the respective fund type from future appropriations.

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, tax spending, 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 expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 7, 1995, the registered voters approved a ballot resolution authorizing the District to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax imposed

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,

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending. As of June 30, 2023, the District reserved \$515,000 for this purpose.

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 expenditure and reserve increases with certain exceptions.

Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied,

Accumulated Sick and Personal Leave and Vacation

The District's policy allows support staff members who are employed full time for 12 calendar months shall earn .83 working days' vacation with pay per month (10 working days per year).

Earned vacation may not be accumulated to more than an employee is qualified to receive (i.e., 10 or 15 days per year). Any earned vacation days beyond this amount must be paid out in the July payroll.

As of June 30, 2023, accumulated unused vacation amounted to \$35,464. District policy allows for the accumulation of discretionary leave to a maximum of 90 days. Upon separation from the District after 15 years or more of service to the District, or upon retirement under the Public Employees Retirement Association (PERA), a teacher shall be compensated at 100 percent of the substitute teacher rate per day for all discretionary days in excess of 50 days, up to a maximum of 40 days.

As of June 30, 2023, the accumulated discretionary leave liability amounts to \$0.

Use of Estimates

The preparations of the financial statements in conformity with general accepted account principles (GAAP) 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 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.

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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed 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 the constitution, external resource providers, or through enabling legislation
3. Committed fund balance classification includes amounts that can be used only for the specified purposes determined by a formal action of the School District Board of Directors (the Districts 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 occurring by 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 a fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow 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.

Reconciliation of Government-Wide and Fund Financial Statements

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

NOTE B – 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 those that are 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 on the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notes are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through the 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, Capital Projects Funds, and Special Revenue Funds.
6. Budgets for the General, Capital Projects, and Special Revenue Funds are adopted on a basis consistent with GAAP.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – BUDGETARY INFORMATION – CONTINUED

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.

Compliance with Budget Laws

The actual expenditures of the following funds exceeded their budget and may be in violation of Colorado Budget Law: Student Activity Fund.

NOTE C – 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 102% of the aggregate uninsured deposits.

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

Insured (FDIC)	\$ 750,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	6,280,251
Cash with County Treasurer	61,830
Cash on Hand	310
Total Cash and Deposits	<u>\$ 7,092,391</u>

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE C – CASH AND INVESTMENTS CONTINUED

Investments

The District is authorized by Colorado State statutes to invest in the following:

- Obligations for the US government and certain government agencies securities.
- Certain international agency securities.
- General obligation and revenue bonds of governmental entities.
- Bankers' acceptance of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by authorized securities.
- Guaranteed investment contracts

Guaranteed investment contracts:

At June 30, 2023, the District had the following investments:

	Investment	Maturity	Fair Value
COLOTRUST	External Investment Pool	Under 60 Day Average	\$1,020,716

Interest rate risk – The District does not have a formal policy limiting investment maturities, other than that established by state statute of five years that would help manage its exposure to fair value losses from increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The investment of COLOTRUST is rated AAAM by Standard and Poor's

Concentration of Credit Risk – The District has no policy restricting the amount that can be invested by any issuer

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for the identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of June 30, 2023:

- COLOTRUST – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE D – INTERFUND TRANSFERS

Governmental Funds	Transfers In	Transfers Out
General	\$ -	\$ 500,000
Capital Projects	500,000	-
Total	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The transfers were for operational purposes. Interfund receivables and payables are expected to be repaid within the subsequent year.

NOTE E – 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, at June 30, 2023, are estimated to be \$677,241. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE F – RISK MANAGEMENT

The District insures against loss or damage to property; pays premiums on loss insurances; and pays judgments, administrative and legal claims. This activity occurs in the General Fund.

The District is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the District's participation as a member of the Colorado School District Self-Insurance Pool, which operates as a risk-sharing public entity risk pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the District with general, property and vehicle liability insurance. In the event of the impairment or insolvency of the Pool the District may assess such amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote.

Commercial insurance companies are used to provide coverage for worker's compensation, life and other insurance programs maintained by the District.

NOTE G – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendment's language in order to determine its compliance.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE H – CAPITAL ASSETS

	Restated				Ending Balance
	Beginning Balance				
	July 1, 2022	Additions	Deletions	Adjustments	June 30, 2023
Capital Assets Not Being Depreciated:					
Land	\$ 257,210	\$ -	\$ -	\$ -	\$ 257,210
Construction in Progress	2,178,880	2,337,956	-	(4,421,884)	94,952
Total Capital Assets Not Being Depreciated	2,436,090	2,337,956	-	(4,421,884)	352,162
Capital Assets Being Depreciated:					
Land Improvements	711,598	-	-	-	711,598
Leasehold Improvements	211,371	-	-	-	211,371
Buildings and Improvements	36,366,895	361,359	-	4,421,884	41,150,138
Equipment and vehicles	3,203,807	101,521	-	-	3,305,328
Net Capital Assets Being Depreciated	40,493,671	462,880	-	4,421,884	45,378,435
Less: Accumulated Depreciation					
Land Improvements	(612,253)	(16,054)	-	-	(628,307)
Leasehold Improvements	(14,092)	(7,046)	-	-	(21,137)
Buildings and Improvements	(19,687,621)	(1,215,941)	-	-	(20,903,563)
Equipment	(1,943,778)	(202,346)	-	-	(2,146,124)
Food Service	(408,378)	(5,870)	-	-	(414,248)
Total Accumulated Depreciation	(22,666,122)	(1,447,257)	-	-	(24,113,379)
Total Capital Assets, Net	\$ 20,263,639	\$ 1,353,579	\$ -	\$ -	\$ 21,617,218

The July 1, 2022, capital asset balances have been restated to reflect errors in the prior year. See footnote P.

The difference between additions to capital assets and the amounts reported as capital outlay in the fund financial statements are expenditures in the fund statements that are grouped with their grant sources in other district functions.

NOTE I – LONG-TERM OBLIGATIONS

Series 2018 A, General Obligation Loan

General Obligation (\$3,200,000) Loan (Series 2018 A) was issued dated January 23, 2018, with interest at 2.9% per annum, payable each June 15th and December 15th. Principal is due beginning December 15, 2018, and each year thereafter. Property taxes collected by the Debt Service Fund will be used to retire the loan. The District shall have no right to prepay the loan prior to January 24, 2022. The loan may be prepaid in whole, but not in part, prior to maturity, by paying the entire principal balance thereof and accrued interest thereon, subject to a prepayment fee calculated on the outstanding principal balance of the loan to be prepaid at the time of prepayment. The prepayment fee is 1% if prepaid between January 24, 2022, and January 23, 2023. There is no fee if prepayment is made after January 23, 2023.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE I – LONG-TERM OBLIGATIONS - CONTINUED

Fiscal Year	Interest	Principal	Total
2024	60,537	215,000	275,537
2025	54,158	225,000	279,158
2026	47,560	230,000	277,560
2027	40,818	235,000	275,818
2028	33,857	245,000	278,857
2029	26,680	250,000	276,680
2030	19,357	255,000	274,357
2031	11,818	265,000	276,818
2032	3,987	275,000	278,987
	<u>\$ 298,772</u>	<u>\$ 2,195,000</u>	<u>\$ 2,493,772</u>

Series 2018 B, General Obligation Refunding Loan

On January 23, 2018, the District issued \$1,440,000 in a General Obligation Refunding Loan with interest at 3.81% per annum, to advance refund the outstanding 2008 General Obligation bonds bearing interest ranging from 4.50% to 5.50%. Payments begin June 15, 2018, and continue every June 15th and December 15th each year thereafter. Refunding proceeds of \$1,440,000 along with \$1,900,000 from Debt Service Fund less loan issue costs of \$82,144, in the amount of \$3,257,856, was deposited with an escrow agent to provide debt service payments of \$3,145,000 in principal and \$1,088,888 in interest on 2008 Series Bonds. As a result, the 2008 bonds are considered to be removed and the liability for the issue has been removed from the District financial statements.

Fiscal Year	Interest	Principal	Total
2024	21,426	145,000	166,426
2025	16,928	150,000	166,928
2036	12,276	155,000	167,276
2027	7,473	160,000	167,473
2028	2,516	165,000	167,516
	<u>\$ 60,619</u>	<u>\$ 775,000</u>	<u>\$ 835,619</u>

Changes in the District's long-term obligations during the year end June 30, 2023, were as follows:

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE I – LONG-TERM OBLIGATIONS - CONTINUED

	Balance at 7/1/22	Addition	Deductions	Balance at 6/30/23	Current Year
Series 2018 A	\$ 2,405,000	\$ –	\$ (210,000)	\$ 2,195,000	\$ 215,000
Series 2018 B	915,000	–	(140,000)	775,000	145,000
Compensated Absences	63,608	–	(28,144)	35,464	35,464
Totals	<u>\$ 3,383,608</u>	<u>\$ –</u>	<u>\$ (378,144)</u>	<u>\$ 3,005,464</u>	<u>\$ 395,464</u>

NOTE J – JOINT VENTURE

Santa Fe Trail Board of Cooperative Educational Services (BOCES)

Not reflected in the accompanying financial statements is the District's participation in the Santa Fe Trail 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. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2023.

NOTE K – 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, and other coverage. The Board of Directors is composed of nine persons; all of whom are appointed by the Board of Directors of CSDIP. The Pool is managed by an Executive Director 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 in the Insurance Reserve fund.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE L – SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS & CONTINGENCIES

Claims and Judgements – The District participates in several federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the grantor, but the District believes that disallowed expenditures, if any, based on subsequent audits will have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE M – COMPLIANCE WITH BUDGET LAWS

The actual expenditures of the following fund exceeded its budget and may be in violation of Colorado Budget Law: Student Activity Fund

NOTE N – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2023. 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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

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 the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$3,046,638 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a non-employer 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 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), up 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

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

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 total pension liability to December 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity. At June 30, 2023, the District reported a liability of \$22,490,848 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$21,490,848
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	4,849,466
Total	\$26,340,314

At December 31, 2022, the District's proportion was 0.1180202062%, which was a decrease of 0.0092660382% from its proportion measured as of December 31, 2021. For the year ended June 30, 2023, the District recognized pension (revenue) expense of (\$3,837,261) and (revenue) expense of (\$736,449) for support from the State as a nonemployer contributing entity. At June 30, 2023, the 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	203,388	—
Changes of assumptions or other inputs	380,673	—
Net difference between projected and actual earnings on pension plan investments	2,887,013	—
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,654,248	—
Contributions subsequent to the measurement date	1,569,427	N/A
Total	9,694,749	—

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

\$1,569,427 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	2,090,783
2025	2,271,253
2026	2,084,038
2027	1,679,248
2028	—
Thereafter	—

Actuarial assumptions. The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

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

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

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

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

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, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to 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:

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

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.
- 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 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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE N – DEFINED BENEFIT PENSION PLAN - CONTINUED

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly schedule \$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) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$28,124,129	\$21,490,848	\$15,951,381

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - 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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$31,396 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$732,343 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 total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District's proportion was 0.0896%, which was an increase of 0.0066% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$31,396. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of
Difference between expected and actual	95	177,105
Changes of assumptions or other inputs	11,771	80,828
Net difference between projected and actual earnings on OPEB plan investments	44,730	—
Changes in proportion and differences between contributions recognized and proportionate share of contributions	31,912	—
Contributions subsequent to the measurement	16,008	N/A
Total	104,516	257,933

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

\$16,008 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	(66,870)
2025	(62,417)
2026	(25,727)
2027	1,319
2028	(12,876)
Thereafter	(2,854)

Actuarial assumptions. The total OPEB liability 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 Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	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%	

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

PERACare Medicare plans ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

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

Age-Related Mobility Assumptions		
	Annual	Annual
Participant Age	Increase (Male)	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%

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

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

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$6,596	\$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

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, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

Year	PERACARE	Medicare Part A
	Medicare Plans	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, 2022, 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 Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers 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 Safety Officers) 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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

- **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 Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

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

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

- **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 Safety Officers 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 Safety Officers 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, 2022, 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 2023 plan year.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- 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.

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.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to 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:

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

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 District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$711,614	\$732,343	\$754,898

¹For the January 1, 2024, 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE O – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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 fiduciary net position for the HCTF 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 Districts 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 1-percentage-point lower (6.25%) or 1-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	\$849,002	\$732,343	\$632,561

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.

East Otero School District R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE P – PRIOR PERIOD ADJUSTMENTS

The following adjustments were made to correct errors in the June 30, 2022 financial statements.

1. **BEST Grant Expenditures:** It was discovered that expenditures amounting to \$929,228, related to the BEST grant, should have been recorded as accounts payable in fiscal year 2022 but were not recognized until the year ended June 30, 2023. This error was corrected through a prior period adjustment, increasing the prior year's expenses and accounts payable.
2. **Accounts Payable Balances:** Incorrect accounts payable balances were identified in the General Fund, the Grants Fund, and the Food Service Fund. Adjustments were made to the expenses and beginning fund balances to accurately reflect expenditures in each fund for the year ended June 30, 2023.
3. **Old Receivables:** Prior period adjustments were made to eliminate old receivables in the general fund that had been erroneously carried over from previous years.
4. A correction was made to adjust deferred revenues that were carried forward for multiple years.

Capital Assets Understatement: Capital assets were previously understated by a net amount of \$1,138,664 due to the HVAC system, which should have been recognized as construction in progress as of June 30, 2022, and other assets that were not appropriately recognized. Adjustments were made to increase the capital assets and accumulated depreciation accordingly.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds			Government - Wide
	General Fund	Title Fund	Food Service	Governmental Activities
June 30, 2022, as previously reported	\$ 6,679,526	\$ -	\$ 809,931	\$ 8,010,454
Error correction	(362,000)	(550,913)	(154,873)	70,878
June 30, 2022, as restated	\$ 6,317,526	\$ (550,913)	\$ 655,058	\$ 8,081,332

NOTE Q – SUBSEQUENT EVENTS

The District is late filing the June 30, 2023, financial statements and as a result, the State of Colorado has been holding the District's property taxes collected during fiscal year 2024 until the audit is submitted to the Office of the State Auditor. As of October 29, 2024, the amount of taxes held by the State of Colorado for the year ended June 30, 2024, is \$405,460 for payment of bonds and \$2,030,296 for general use of the district.

East Otero School District R-1
Budget and Actual
General Fund
For the year ended June 30, 2023

	Original Original & Final Budget	Actual	(Over) Under Budget
Revenues			
Property taxes	\$ 2,163,074	\$ 2,236,513	\$ (73,439)
Specific Ownership taxes	382,468	441,816	(59,348)
Intergovernmental	11,615,244	13,822,454	(2,207,210)
Charges for services	90,000	14,511	75,489
Investment earnings	10,000	68,823	(58,823)
Insurance claims	200,000	222,214	(22,214)
Miscellaneous	-	218,185	(218,185)
Total Revenues	<u>14,460,786</u>	<u>17,024,516</u>	<u>(2,563,730)</u>
Expenditures			
Instruction	7,104,124	11,251,278	(4,147,154)
Student Support Services	1,419,348	759,848	659,500
Instructional Support Services	-	85,451	(85,451)
General Administration	936,676	296,583	640,093
School Administration Support Services	588,219	874,747	(286,528)
Business services	113,920	27,205	86,715
Student Transportation	472,633	365,451	107,182
Operations and Maintenance	1,668,706	1,618,877	49,829
Central Support	77,160	634,499	(557,339)
Community Services	-	20,415	(20,415)
Capital outlay	-	1,183,728	(1,183,728)
Contingency reserve	6,555,091	-	6,555,091
Total Expenditures	<u>18,935,877</u>	<u>17,118,082</u>	<u>1,817,795</u>
Excess (deficiency) of revenues over expenditures	<u>(4,475,091)</u>	<u>(93,566)</u>	<u>(4,381,525)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(2,080,000)	(500,000)	1,580,000
Net other financing sources (uses)	<u>(2,080,000)</u>	<u>(500,000)</u>	<u>1,580,000</u>
Excess (deficiency) of revenues over expenditures and other financing (uses)	<u>(6,555,091)</u>	<u>(593,566)</u>	<u>(5,961,525)</u>
Fund balance - beginning	6,555,091	6,679,526	(124,435)
Prior period adjustment	-	(362,000)	362,000
Fund balance - beginning, restated	<u>6,555,091</u>	<u>6,317,526</u>	<u>237,565</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 5,723,960</u>	<u>\$ (5,723,960)</u>

East Otero School District R-1
Budget and Actual
Grants Fund
For the year ended June 30, 2023

	Original & Final Budget	Actual	(Over) Under Budget
Revenues			
Local sources	\$ 232,296	\$ -	\$ 232,296
State sources	127,006	297,228	(170,222)
Federal sources	6,427,193	3,672,103	2,755,090
Total Revenues	<u>6,786,495</u>	<u>3,969,331</u>	<u>2,817,164</u>
Expenditures			
Instruction	7,500,588	913,231	6,587,357
Student Support Services	350,907	2,098,954	(1,748,047)
Instructional Support Services	-	131,058	(131,058)
General Administration	-	67,530	(67,530)
School Administration Support Services	-	65,322	(65,322)
Cocurricular Activities - NonAthletic	-	142,323	(142,323)
Total Expenditures	<u>7,851,495</u>	<u>3,418,418</u>	<u>4,433,077</u>
Excess (deficiency) of revenues over expenditures	<u>(1,065,000)</u>	<u>550,913</u>	<u>(1,615,913)</u>
Other financing sources and (uses)			
Transfers in	<u>1,065,000</u>	<u>-</u>	<u>1,065,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	-	550,913	(550,913)
Fund balance - beginning	-	-	-
Prior period adjustment	-	(550,913)	550,913
Fund balance - beginning, restated	<u>-</u>	<u>(550,913)</u>	<u>550,913</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

East Otero School District R-I
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Measurement Periods

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion (percentage) of the collective net pension liability	0.1180%	0.1277%	0.1421%	0.1230%	0.1184%	0.1300%	0.1284%	0.1274%	0.1398%	0.1414%
District's proportionate share of the collective pension liability	\$ 21,490,848	\$ 13,289,315	\$ 21,347,707	\$ 18,374,064	\$ 20,965,058	\$ 42,047,103	\$ 38,220,488	\$ 19,491,524	\$ 18,945,018	\$ 18,040,214
Payroll	\$ 9,101,946	\$ 10,188,030	\$ 7,524,988	\$ 7,589,728	\$ 6,796,403	\$ 6,210,436	\$ 5,815,736	\$ 5,696,167	\$ 5,822,142	\$ 5,750,544
District's proportionate share of the net pension liability as a percentage of its payroll	236.11%	130.44%	284.00%	242.00%	308.00%	677.00%	657.00%	342.00%	325.00%	314.00%
Plan fiduciary net pension 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%

East Otero School District R-1
Schedule of Pension Contributions and Related Ratios - Pension
Last 10 Fiscal Years

As of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutory required contributions	\$ 1,935,361	\$ 1,581,451	\$ 1,495,792	\$ 1,470,803	\$ 1,300,153	\$ 1,172,677	\$ 1,069,003	\$ 1,010,077	\$ 982,214	\$ 977,021
Contributions in relation to the statutorily required contribution	<u>1,935,361</u>	<u>1,581,451</u>	<u>1,495,792</u>	<u>1,470,803</u>	<u>1,300,153</u>	<u>1,172,677</u>	<u>1,069,003</u>	<u>1,010,077</u>	<u>982,214</u>	<u>977,021</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Payroll	\$ 9,496,361	\$ 10,188,030	\$ 7,524,988	\$ 7,589,728	\$ 6,796,403	\$ 6,210,436	\$ 5,815,736	\$ 5,696,167	\$ 5,822,142	\$ 5,750,544
Contribution as a percentage of payroll	20.38%	15.52%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.87%	16.99%

East Otero School District R-I
Schedule of the District's Proportionate Share of the Net OPEB Liability
Last 10 Measurement Periods

	2022	2021	2020	2019	2018	2017
District's proportion (percentage) of the collective net OPEB liability	0.1180%	0.0831%	0.0804%	0.0769%	0.0739%	0.0730%
District's proportionate share of the collective OPEB liability	\$ 732,343	\$ 719,139	\$ 903,228	\$ 1,047,077	\$ 960,178	\$ 946,036
Payroll	\$ 9,101,946	\$ 10,188,030	\$ 7,589,728	\$ 6,796,403	\$ 6,210,436	\$ 5,696,167
District's proportionate share of the net pension liability as a percentage of its payroll	8.05%	7.06%	11.90%	15.41%	15.46%	16.61%
Plan fiduciary net OPEB liability as a percentage of the total pension liability	38.57%	39.40%	24.49%	17.03%	17.53%	16.71%

GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

East Otero School District R-1
Schedule of OPEB Contributions and Related Ratios
Last 10 Fiscal Years

As of June 30,	2023	2022	2021	2020	2019	2018
Statutory required contributions	\$ 96,862	\$ 81,140	\$ 77,415	\$ 69,323	\$ 63,346	\$ 58,040
Contributions in relation to the statutorily required contribution	<u>96,862</u>	<u>81,140</u>	<u>77,415</u>	<u>69,323</u>	<u>63,346</u>	<u>58,040</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Payroll	\$ 9,496,361	\$ 10,188,030	\$ 7,524,988	\$ 7,589,728	\$ 6,796,403	\$ 6,210,436
Contribution as a percentage of payroll	1.02%	0.80%	1.03%	0.91%	0.93%	0.93%

GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

East Otero School District R-1
Balance Sheet
Non-major Governmental Funds
For the year ended June 30, 2023

	Food Service	Student Activity	Capital Reserve Building Fund	Total Non-major Funds
Assets				
Cash and cash equivalents	\$ 229,336	\$ 159,044	\$ 97,825	\$ 486,205
Due from other funds	128,075	-	-	128,075
Other receivables	192,871	-	-	192,871
Inventories	47,777	-	-	47,777
Total Assets	<u>\$ 598,059</u>	<u>\$ 159,044</u>	<u>\$ 97,825</u>	<u>\$ 854,928</u>
Liabilities and Fund Balances				
Due to other funds	\$ -	\$ 9,565	\$ -	\$ 9,565
Other payables	68,336	2,697	-	71,033
Total Liabilities	<u>68,336</u>	<u>12,262</u>	<u>-</u>	<u>80,598</u>
Fund Balances				
Non-spendable	47,777	-	-	47,777
Assigned	481,946	146,782	97,825	726,553
Total Fund Balance	<u>529,723</u>	<u>146,782</u>	<u>97,825</u>	<u>774,330</u>
Total Liabilities and Fund Balance	<u>\$ 598,059</u>	<u>\$ 159,044</u>	<u>\$ 97,825</u>	<u>\$ 854,928</u>

East Otero School District R-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended June 30, 2023

	Food Service	Student Activity	Capital Reserve Building Fund	Total Non-major Funds
Revenues				
Student activities	\$ -	\$ 354,843	\$ -	\$ 354,843
Intergovernmental	1,211,700	-	-	1,211,700
Charges for Services	19,400	-	-	19,400
Investment earnings			3,089	3,089
Miscellaneous	13,911	-	-	13,911
Total Revenues	1,245,012	354,843	3,089	1,602,944
Expenditures				
Food Services	1,370,347	-	-	1,370,347
Student Activities	-	412,923	-	412,923
Capital outlay	-	-	84	84
Total Expenditures	1,370,347	412,923	84	1,783,354
Excess (deficiency) of revenues over expenditures	(125,335)	(58,080)	3,005	(180,410)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues over expenditures	(125,335)	(58,080)	3,005	(180,410)
Fund balance - beginning	809,931	204,862	94,820	1,109,613
Prior period adjustment	(154,873)	-	-	(154,873)
Fund balance - beginning, restated	655,058	204,862	94,820	954,740
Fund balance - ending	\$ 529,723	\$ 146,782	\$ 97,825	\$ 774,329

East Otero School District R-1
Budget and Actual
Building Fund
For the year ended June 30, 2023

	Original & Final Budget	Actual	(Over) Under Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Specific Ownership taxes	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	-	-
Expenditures			
Capital outlay	400,000	394,151	5,849
Total Expenditures	400,000	394,151	5,849
Excess (deficiency) of revenues over expenditures	(400,000)	(394,151)	(5,849)
Other Financing Sources (Uses)			
Transfers in	500,000	500,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other expenditures and other financing uses	100,000	105,849	(5,849)
Fund balance - beginning	300,000	455,168	(155,168)
Prior period adjustment	-	-	-
Fund balance - beginning, restated	300,000	455,168	(155,168)
Fund balance - ending	\$ 400,000	\$ 561,017	\$ (161,017)

East Otero School District R-1
Budget and Actual
Debt Service Fund
For the year ended June 30, 2023

	Original & Final Budget	Actual	(Over) Under Budget
Revenues			
Property taxes	\$ 462,110	\$ 446,677	\$ 15,433
Specific Ownership taxes	110,000	95,445	14,555
Investment earnings	250	89,625	(89,375)
Total Revenues	<u>572,360</u>	<u>631,747</u>	<u>(59,387)</u>
Expenditures			
Principal	340,000	350,000	(10,000)
Interest and other charges	131,000	92,973	38,027
Total Expenditures	<u>471,000</u>	<u>442,973</u>	<u>28,027</u>
Excess (deficiency) of revenues over expenditures	<u>101,360</u>	<u>188,774</u>	<u>(87,414)</u>
Net change in fund balance	101,360	188,774	(87,414)
Fund balance - beginning	1,261,530	1,310,386	(48,856)
Fund balance - ending	<u>\$ 1,362,890</u>	<u>\$ 1,499,160</u>	<u>\$ (136,270)</u>

East Otero School District R-1
Budget and Actual
Student Activity Fund
For the year ended June 30, 2023

	Original & Final Budget	Actual	(Over) Under Budget
Revenues			
Student activities	\$ 93,752	\$ 354,842	\$ (261,090)
Total Revenues	93,752	354,842	(261,090)
Expenditures			
Athletic & Activity Programs	93,752	412,923	(319,171)
Total Expenditures	93,752	412,923	(319,171)
Excess (deficiency) of revenues over expenditures	-	(58,081)	58,081
Net change in fund balance	-	(58,081)	58,081
Fund balance - beginning	135,793	204,862	(69,069)
Fund balance - ending	<u>\$ 135,793</u>	<u>\$ 146,781</u>	<u>\$ (10,988)</u>

East Otero School District R-1
Budget and Actual
Food Service Fund
For the year ended June 30, 2023

	Original & Final Final	Actual	(Over) Under Budget
Revenues			
Intergovernmental	\$ 1,401,700	\$ 1,211,700	\$ 190,000
Charges for service	80,000	19,400	60,600
Miscellaneous	-	13,911	(13,911)
Total Revenues	<u>1,481,700</u>	<u>1,245,012</u>	<u>236,688</u>
Expenditures			
Food services	1,481,700	1,370,347	111,353
Contingency reserve	180,000	-	180,000
Total Expenditures	<u>1,661,700</u>	<u>1,370,347</u>	<u>291,353</u>
Excess (deficiency) of revenues over expenditures	<u>(180,000)</u>	<u>(125,335)</u>	<u>(54,665)</u>
Net change in fund balance	(180,000)	(125,335)	(54,665)
Fund balance - beginning	809,931	809,931	-
Prior period adjustment	-	(154,873)	(154,873)
Fund balance - beginning, restated	<u>809,931</u>	<u>655,058</u>	<u>154,873</u>
Fund balance - ending	<u>\$ 629,931</u>	<u>\$ 529,723</u>	<u>\$ 100,208</u>

East Otero School District R-1
Budget and Actual
Capital Projects Fund
For the year ended June 30, 2023

	Original & Final Budget	Actual	(Over) Under Budget
Revenues			
Intergovernmental	\$ 1,600,000	\$ -	\$ 1,600,000
Investment earnings	-	3,090	(3,090)
Total Revenues	<u>1,600,000</u>	<u>3,090</u>	<u>1,596,910</u>
Expenditures			
Support Services			
General government	-	84	(84)
Capital outlay	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>
Total Expenditures	<u>1,600,000</u>	<u>84</u>	<u>1,599,916</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,006</u>	<u>(3,006)</u>
Net change in fund balance	-	3,006	(3,006)
Fund balance - beginning	<u>94,820</u>	<u>94,820</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 94,820</u></u>	<u><u>\$ 97,826</u></u>	<u><u>\$ (3,006)</u></u>



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Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	6,006,931	15,915,135	16,652,700	5,269,366
18 Risk Mgmt Sub-Fund of General Fund	0	370,524	370,524	0
19 Colorado Preschool Program Fund	0	472,072	472,072	0
Sub-Total	6,006,931	16,757,732	17,495,296	5,269,366
11 Charter School Fund	0	0	0	0
20,2629 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	809,931	1,052,141	1,456,884	405,188
22 Govt Designated-Purpose Grants Fund	181,400	5,170,759	3,967,521	1,389,637
23 Pupil Activity Special Revenue Fund	200,978	358,727	410,326	149,478
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,310,386	582,007	442,972	1,449,420
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	568,163	3,090	84	571,168
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	455,168	500,000	116,814	838,354
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
Totals	9,532,956	24,424,455	23,884,799	10,072,613
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk Related Activity Fund	0	0	0	0
60.65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	47,346	36,756	47,137	36,965
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	47,346	36,756	47,137	36,965

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Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+	-	=	
10 General Fund	6,006,931	15,917,085	16,652,700	5,271,316
18 Risk Mgmt Sub-Fund of General Fund	0	370,524	370,524	0
19 Colorado Preschool Program Fund	0	472,072	472,072	0
Sub- Total	6,006,931	16,759,682	17,495,296	5,271,316
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	809,931	1,052,141	1,456,884	405,188
22 Govt Designated-Purpose Grants Fund	181,400	5,170,759	3,962,521	1,389,637
23 Pupil Activity Special Revenue Fund	200,978	358,727	410,226	149,478
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,310,386	582,007	442,972	1,449,420
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	568,163	3,090	84	571,168
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	455,168	500,000	116,814	838,354
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
Totals	9,532,956	24,426,405	23,884,799	10,074,563
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	47,346	36,756	47,137	36,965
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	47,346	36,756	47,137	36,965

FINAL

East Otero School District
CDE Reconciliation
June 30, 2023

	Beginning Fund Balance			Revenues and Other Sources			Expenditures and Other Uses			Ending Fund Balance		
	CDE Upload	Fund FS	Difference	CDE Upload	Fund FS	Difference	CDE Upload	Fund FS	Difference	CDE Upload	Fund FS	Difference
General fund	\$ 6,006,931	\$ 6,317,526	\$ (310,595)	\$ 15,917,085	\$ 17,024,516	\$ (1,107,431)	\$ 16,652,700	\$ 17,618,082	\$ (965,382)	\$ 5,271,316	\$ 5,723,960	\$ (452,644)
Risk Mgmt subfund	-	-	-	370,524	-	370,524	370,524	-	370,524	-	-	-
Colorado Preschool Program	-	-	-	472,072	-	472,072	472,072	-	472,072	-	-	-
Sub-total	6,006,931	6,317,526	(310,595)	16,759,681	17,024,516	(264,835)	17,495,296	17,618,082	(122,786)	5,271,316	5,723,960	(452,644)
Food Service Fund	809,931	655,058	154,873	1,052,141	1,245,012	(192,871)	1,456,884	1,370,347	86,537	405,188	529,723	(124,535)
Government Designated Grants Fund	181,400	(650,913)	732,313	5,170,759	3,969,331	1,201,428	3,962,521	3,418,418	544,103	1,389,637	-	1,389,637
Pupil Activity Special Revenue	200,978	204,862	(3,884)	358,727	354,843	3,884	410,226	412,923	(2,697)	149,478	146,782	2,696
Bond Redemption Fund	1,310,386	1,310,386	-	582,007	631,747	(49,740)	442,972	442,973	(1)	1,449,420	1,499,160	(49,740)
Building Fund	568,163	94,820	473,343	3,090	3,089	1	84	84	-	571,168	97,825	473,343
Capital Reserve Capital Projects Fund	455,168	455,168	-	500,000	500,000	-	116,814	394,151	(277,337)	838,354	561,017	277,337
Pupil Activity Agency Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 9,532,957	\$ 8,486,907	\$ 1,046,050	\$ 24,426,405	\$ 23,728,538	\$ 697,867	\$ 23,884,797	\$ 23,656,978	\$ 227,819	\$ 10,074,561	\$ 8,558,487	\$ 1,516,074

Differences between the Auditor's Integrity Report and the audited financial statements are due to adjustments that were made after the upload was completed by the client. The district was required to upload it's financial information before the reconciliations of the June 30, 2023 financial statements was complete. Adjustments were made to recognize proper cut-off of grants receivable, accounts payable and deferred revenues. There were also significant prior period adjustments made to the June 30, 2022 financial statements to recognize proper cut-off related to grants receivable and accounts payable.