

**ELBERT COUNTY SCHOOL DISTRICT C-2
KIOWA, COLORADO**

BASIC FINANCIAL STATEMENTS

June 30, 2023

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FINANCIAL SECTION



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

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

Board of Education
Elbert County School District C-2
Kiowa, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elbert County School District C-2 (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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Elbert County School District C-2 as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

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, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 43-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

PB Solutions LLC

Littleton, Colorado

January 30, 2024

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023

This discussion and analysis provides an overview of the Elbert County School District C-2 financial performance for the fiscal year ending June 30, 2023. The focus of the information is on the primary government general fund.

The District continues to use the financial reporting model proposed by the Governmental Accounting Standards Board (GASB), *Statement No. 34, Basic Financial Discussion and Analysis for State and Local Government*.

Financial Highlights

- For the current year ended June 30, 2023, the net position of the District is \$1,683,464, an increase of \$891,185. Please note that the net position also includes PERA’s unfunded liabilities and the post-employment health care trust fund liabilities over which the District has no control.
- As of the close of the 2022-23 fiscal year, the District’s governmental funds reported combined ending fund balances of \$3,778,516. This represents an increase of \$728,365 from the previous year.
- The District had adequate funds available for all appropriations.

Overview of Financial Statements

The discussion and analysis serves as an introduction to the District’s basic financial statements. The basic financial statements consist of these components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

1. Government-Wide Financial Statements

These statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the district’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how they have changed. Net position, the difference between the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources are one way to measure the District’s financial health or position.

Over time, increases or decreases in the District’s net position are an indication of whether its financial health is improving or deteriorating. The government wide statements have only governmental activities.

Government activities - all of the District’s basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
(Continued)

2. Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Governmental Funds - All of the District's activities are reported in governmental funds, which focus on determining our financial status and change in financial status. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps people determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities reported in the statement of net position and the statement of activities and governmental funds is reconciled in the financial statements.

Financial Analysis of the District as a Whole

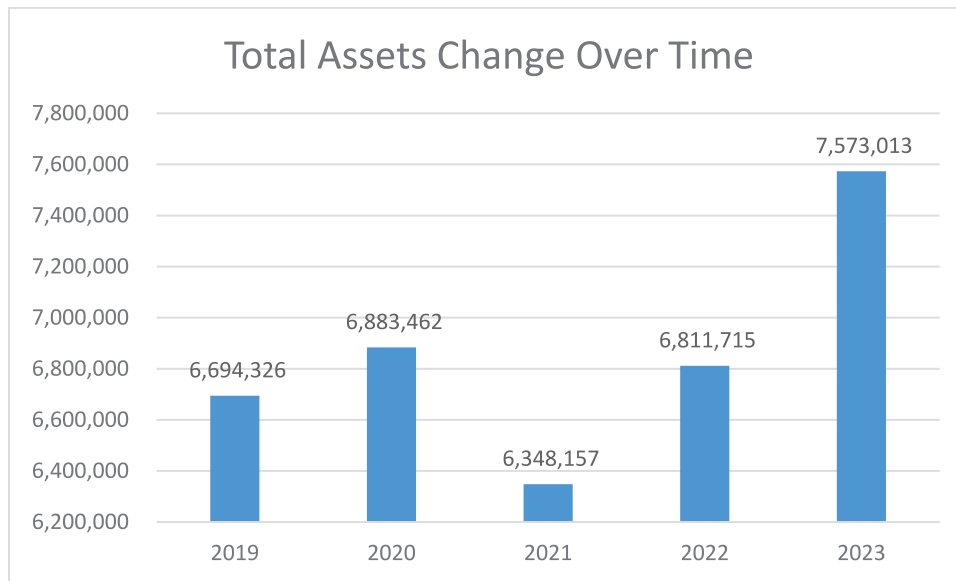
The District's total net position was \$1,683,464 at the close of business on June 30, 2023. Table 1 represents a detailed view of FY 22-23. Table 1 shows a high-level overview of net asset changes over time.

	<u>Governmental Activities</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>
Current and Other Assets	\$ 4,228,572	\$ 3,366,500
Capital Assets, Net	3,344,441	3,445,225
Total Assets	<u>7,573,013</u>	<u>6,811,715</u>
Deferred Outflows of Resources	<u>1,052,150</u>	<u>947,230</u>
Current and Other Liabilities	434,421	316,349
Noncurrent Liabilities	<u>5,514,869</u>	<u>4,595,780</u>
Total Liabilities	<u>5,949,290</u>	<u>4,912,129</u>
Deferred Inflows of Resources	<u>992,409</u>	<u>2,054,537</u>
Net Position		
Net Investment in Capital Assets	2,094,441	2,195,225
Restricted	862,674	780,003
Unrestricted	<u>(1,273,651)</u>	<u>(2,182,939)</u>
Total Net Position	<u>\$ 1,683,464</u>	<u>\$ 792,279</u>

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
(Continued)

Comparison of Net Position over Time

As noted earlier, net position serves as a useful indicator of the District’s financial position over time. In the case of the Kiowa School District, assets exceeded liabilities by \$1,683,464.



Of the District’s \$7,573,013 in total assets, \$3,344,441 reflects capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted net position of \$(1,273,651) may be used to meet the District’s ongoing financial obligations. Cash and investments as well as accounts receivable contribute to the increase in total assets for the 2022-23 year.

The results of this year’s operations as a whole are reported in the statement of activities on Page 2 of the audit report. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District’s activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
(Continued)

Table 2 takes the information from that statement and rearranges it slightly so total revenues for the year are more easily seen.

	<u>Governmental Activities</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>
Program Revenue:		
Charges for Services	\$ 208,784	\$ 34,360
Operating Grants and Contributions	1,311,913	1,016,092
Capital Grants and Contributions	-	-
Total Program Revenue	<u>1,520,697</u>	<u>1,050,452</u>
General Revenue:		
Property Tax	1,174,036	1,063,136
Specific Ownership Tax	168,539	168,538
State Equalization	2,580,962	2,267,690
Other	247,385	200,723
Total General Revenue	<u>4,170,922</u>	<u>3,700,086</u>
Total Revenue	<u>5,691,619</u>	<u>4,750,538</u>
Expenses:		
Instruction	2,528,387	786,726
Supporting Services	2,216,830	2,209,939
Interest and Fiscal Charges	55,217	55,625
Total Expenses	<u>4,800,434</u>	<u>3,052,290</u>
Increase (Decrease) in Net Position	891,185	1,698,248
Beginning Net Position	<u>792,279</u>	<u>(905,969)</u>
Ending Net Position	<u>\$ 1,683,464</u>	<u>\$ 792,279</u>

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
(Continued)

Tables 3 presents the expenses of the Governmental Activities of the District.

Table 3
Fiscal Year Ended June 30, 2023
Government Activities

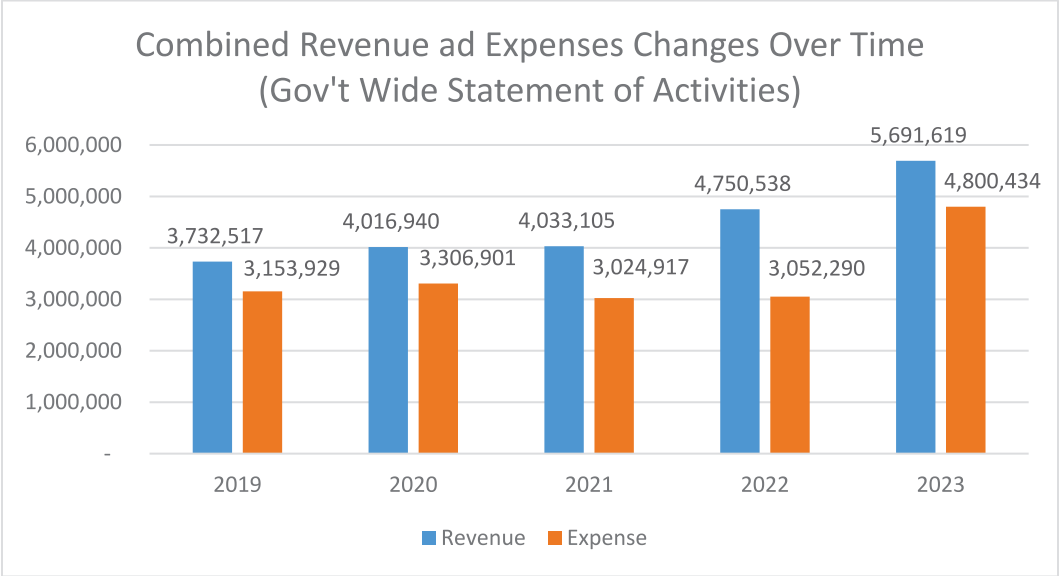
Functions/Programs	Year Ended June 30, 2023		Year Ended June 30, 2022	
	Total Cost	Net Cost	Total Cost	Net Cost
	<u>of Programs</u>	<u>Of Services</u>	<u>of Programs</u>	<u>Of Services</u>
Instruction	\$2,551,184	\$1,533,841	\$786,726	\$201,312
Pupil Services	210,047	210,047	113,340	113,340
Instructional Services	146,936	146,936	43,743	43,743
General Administration	199,161	199,161	304,574	295,033
School Administration	199,237	166,855	185,474	185,474
Business Administration	187,439	187,439	146,273	146,273
Operations & Maintenance	400,943	260,502	762,379	742,278
Pupil Transportation	203,161	158,250	140,820	140,820
Central Services	252,304	252,304	207,632	207,632
Extracurricular Activities	122,730	15,766	117,813	-57,618
Food Service	272,074	93,418	187,891	-72,074
Interest and Fiscal Charges	55,217	55,217	55,625	55,625
Total Expenses	<u>\$4,800,434</u>	<u>\$3,279,737</u>	<u>\$3,052,290</u>	<u>\$2,001,838</u>
Less State Equalization		\$2,580,961		\$2,267,690
Total needs from local taxes and other revenue		<u>\$698,776</u>		<u>(\$265,852)</u>

This table shows the District’s largest areas of expenditures and unallocated depreciation expense. It also shows the net total costs (total cost less revenues generated by the activities). In addition, this table also shows the net costs offset by the other unrestricted grants and subsidies to show the remaining financial needs supported by local taxes and other revenue.

The Statement of Activities in the full audit further detail the actual results of operations.

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
 (Continued)

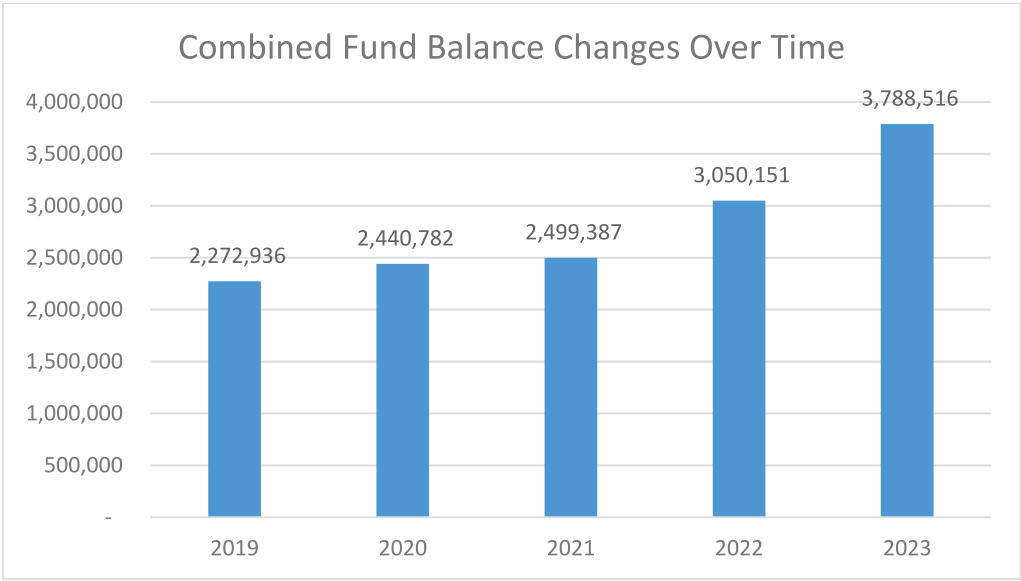
Chart 2 shows how combined revenues and expenditures have changed over time with blue representing revenues and orange representing expenditures.



The District Funds

On June 30, 2023, the District governmental funds reported a combined fund balance of \$3,778,516, which is an increase of \$728,365.

Chart 3 shows how the combined fund balance has changed over time.



Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
(Continued)

Financial Analysis of the District's Funds

The District has had an average increase of fund balance of 11.7% over the last 5 years. This includes \$710K of accumulated funds to pay off a QZAB loan in 2030. The QZAB balance accumulates by \$70K annually to the final payoff amount of \$1,250K in 2030. The Board anticipates maintaining a General Fund balance (net of QZAB) that equates to a minimum of three months' worth of expenditures which for FY23 is \$1,093K.

The District appropriates 100% of its fund balance for use in emergencies as the Board determines.

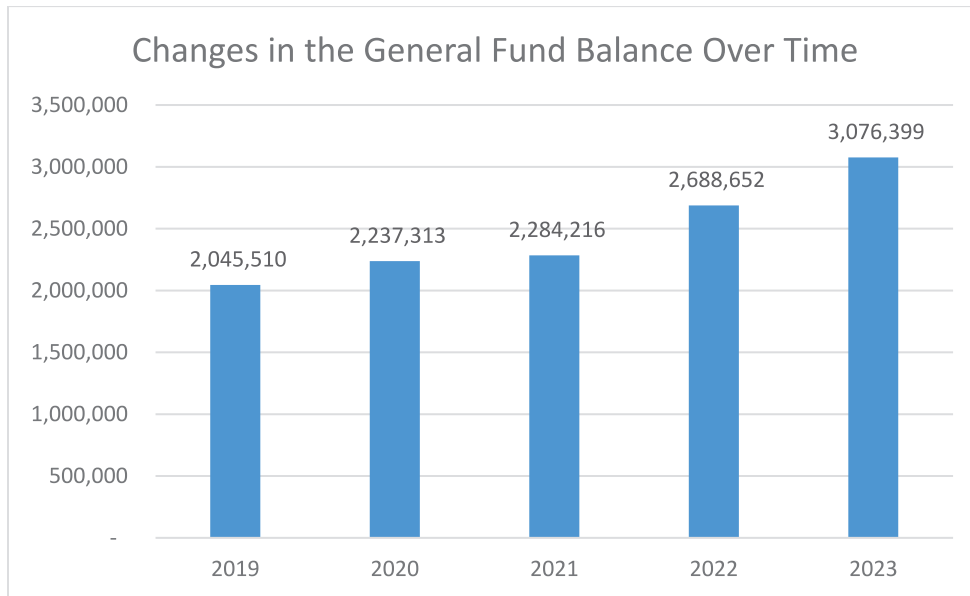
General Fund Budget

The Board of Education approved a regular budget in FY23 to adequately appropriate expected expenditures based on careful review of anticipated revenues. Using historical spending patterns and anticipated needs, the budget was crafted with a perceived flat to positive cash flow. There were several changes to revenue and expense items that occurred after the budget was developed. Total revenue received was \$495K (net of non-cash PERA contributions) better than budget. This included increased property tax revenues, interest earnings, preschool tuition, State and Federal grants, and \$245K from the local BOCES for current year Special Ed and reimbursement of High Needs Special Ed costs from prior years.

Expense was under budget by \$275K (net of non-cash PERA contribution offset and appropriated reserves). This variance was mainly from employee benefit costs less than anticipated from lower claims and low participation of \$204K and salaries of unfilled grant positions and mid-year vacancies. This was offset by an additional \$141K transfer from the General Fund to the Capital Projects fund for upcoming facility improvements.

These variances netted to a total of \$629K better than budget (excluding appropriated reserves) for end of year change in fund balance.

Elbert County School District C-2
 Management Discussion and Analysis
 For Fiscal Year Ended June 30, 2023
 (Continued)



Capital Assets and Debt Administration

Capital Assets

On June 30, 2023, the District realized a decrease of \$100,774 in net capital assets. The decrease is a result of depreciation expense exceeding purchases. The District’s capital assets are currently valued at \$3,344,441 (see page 17 of the audit) compared to last year when the capital assets were \$3,445,215.

Debt Administration

The District entered into a site lease/leaseback which was financed with QZAB funds in the amount of \$1,250,000. It is scheduled to be repaid at \$70,000 per year plus interest through October 10, 2030. While the interest is over \$55,000 per year, the QZAB loan has provisions in which the Federal Government pays the interest for the District each year. During the year ended June 30, 2023, the Federal Government paid \$55,570 directly to the District’s lender to cover the District’s interest liability. More complete information is furnished in footnote 5 on page 18 of the financial statements.

Economic Factors and Next Year’s Budget and Rates

The factors that will affect next year’s budget will be:

- Expected mild enrollment increases
- Efforts to raise staff salary schedules to be more competitive with surrounding areas

Elbert County School District C-2
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2023
(Continued)

- The continued effort of State lawmakers to reduce the State's Budget Stabilization Factor (negative factor) for funding schools. This factor is expected to reduce available district funds in FY24 by approximately \$68,000.

The District is located in a small town, and like many small towns, constantly works to manage the effects of an unstable economy and increasing inflation.

History of Staffing Level Changes

For the 2018-19 year Kiowa Schools increased staff, adding additional programs including Home Economics, a Spanish instructor, additional elementary staff, a part-time auto shop teacher, a part-time para for a pre-school special needs student, and an academic coach. The school also reduced its special education staff by one teacher and one para.

For the 2019-20 year Kiowa Schools eliminated two High School instructional positions. The district added an Early Childhood program including a toddler room, a fulltime PreK room and after school care. The addition of this program increased staff by 4.5 FTE and will show an increase in tuition along with enrollment.

For the 2022-23 year Kiowa Schools replaced a District Superintendent, Principal and Counselor. A new Facilities Director was also hired. The elementary also eliminated a teaching position combining a class that had been separated for three years.

For 2023-24 Kiowa schools went down one Business Manager position and instead outsourced CFO consulting and back-office accounting work.

Contacting the District for Financial Management Questions

The District's financial report is designed to provide a general overview of our finances for all those interested. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of Schools at Kiowa Schools, P.O. Box 128, Kiowa, CO 80117.

BASIC FINANCIAL STATEMENTS

ELBERT COUNTY SCHOOL DISTRICT C-2

STATEMENT OF NET POSITION
June 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 2,930,156
Restricted Cash and Investments	711,674
Cash Held with County Treasurer	17,745
Taxes Receivable	38,888
Accounts Receivable	500,007
Prepaid Expenses	24,261
Inventories	5,841
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>3,344,441</u>
TOTAL ASSETS	<u>7,573,013</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	1,027,170
Related to OPEB	<u>24,980</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,052,150</u>
LIABILITIES	
Accounts Payable	318
Accrued Salaries and Benefits	306,070
Unearned Revenue	128,033
Noncurrent Liabilities	
Due Within One Year - Compensated Absences	4,078
Due in More Than One Year	1,250,000
Compensated Absences	22,892
Net Pension Liability	4,098,308
Net OPEB Liability	<u>139,591</u>
TOTAL LIABILITIES	<u>5,949,290</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	924,058
Related to OPEB	<u>68,351</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>992,409</u>
NET POSITION	
Net Investment in Capital Assets	2,094,441
Restricted for Emergencies	151,000
Restricted for Debt Service	711,674
Unrestricted	<u>(1,273,651)</u>
TOTAL NET POSITION	<u><u>\$ 1,683,464</u></u>

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

ELBERT COUNTY SCHOOL DISTRICT C-2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 2,528,387	\$ 129,219	\$ 888,124	\$ -	\$ (1,511,044)
Supporting Services	2,216,830	79,565	423,789	-	(1,713,476)
Interest and Fiscal Charges	55,217	-	-	-	(55,217)
Total Governmental Activities	<u>4,800,434</u>	<u>208,784</u>	<u>1,311,913</u>	<u>-</u>	<u>(3,279,737)</u>
GENERAL REVENUES					
					1,174,036
					168,539
					2,580,962
					164,235
					<u>83,150</u>
					<u>4,170,922</u>
					891,185
					<u>792,279</u>
					<u>\$ 1,683,464</u>

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

ELBERT COUNTY SCHOOL DISTRICT C-2

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 2,725,555	\$ 144,944	\$ 59,657	\$ 2,930,156
Restricted Cash and Investments	711,674	-	-	711,674
Cash Held With County Treasurer	17,745	-	-	17,745
Taxes Receivable	38,888	-	-	38,888
Other Receivables	487,622	-	12,385	500,007
Due from Other Funds	-	455,576	35,820	491,396
Prepaid Expenses	24,261	-	-	24,261
Inventory	-	-	5,841	5,841
TOTAL ASSETS	\$ 4,005,745	\$ 600,520	\$ 113,703	\$ 4,719,968
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 318	\$ 318
Accrued Salaries and Benefits	294,282	-	11,788	306,070
Due To Other Funds	491,396	-	-	491,396
Unearned Revenues	128,033	-	-	128,033
TOTAL LIABILITIES	913,711	-	12,106	925,817
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	15,635	-	-	15,635
FUND BALANCES				
Nonspendable	24,261	-	5,841	30,102
Restricted for Emergencies	151,000	-	-	151,000
Restricted for Debt Service	711,674	-	-	711,674
Assigned	-	600,520	95,756	696,276
Unassigned	2,189,464	-	-	2,189,464
TOTAL FUND BALANCES	3,076,399	600,520	101,597	3,778,516
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,005,745	\$ 600,520	\$ 113,703	\$ 4,719,968

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

ELBERT COUNTY SCHOOL DISTRICT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2023

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

Total fund balances of governmental funds			\$ 3,778,516
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	-	
	Capital Assets, Depreciated	7,905,636	
	Accumulated Depreciation	<u>(4,561,195)</u>	3,344,441
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated Absences	(26,970)	
	Capital Lease Payable	(1,250,000)	
	Net Pension Liability	(4,098,308)	
	Net OPEB Liability	<u>(139,591)</u>	(5,514,869)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	1,027,170	
	Deferred outflows of resources - Related to OPEB	24,980	
	Deferred inflows of resources - Related to Pensions	(924,058)	
	Deferred inflows of resources - Related to OPEB	<u>(68,351)</u>	<u>59,741</u>
Net position of governmental activities			<u>\$ 1,683,464</u>

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

ELBERT COUNTY SCHOOL DISTRICT C-2

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 1,676,094	\$ 26,422	\$ 161,581	\$ 1,864,097
State Sources	3,118,640	-	999	3,119,639
Federal Sources	427,739	-	125,472	553,211
TOTAL REVENUES	5,222,473	26,422	288,052	5,536,947
EXPENDITURES				
Current				
Instruction	2,402,221	-	-	2,402,221
Supporting Services	1,785,577	38,400	396,208	2,220,185
Capital Outlay	130,959	-	-	130,959
Debt Service				
Interest Payments	55,217	-	-	55,217
TOTAL EXPENDITURES	4,373,974	38,400	396,208	4,808,582
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	848,499	(11,978)	(108,156)	728,365
OTHER FINANCING SOURCES (USES)				
Transfer Out	(460,751)	-	-	(460,751)
Transfer In	-	450,000	10,751	460,751
TOTAL OTHER FINANCING SOURCES (USES)	(460,751)	450,000	10,751	-
NET CHANGE IN FUND BALANCES	387,748	438,022	(97,405)	728,365
FUND BALANCES, Beginning	2,688,651	162,498	199,002	3,050,151
FUND BALANCES, Ending	\$ 3,076,399	\$ 600,520	\$ 101,597	\$ 3,778,516

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

ELBERT COUNTY SCHOOL DISTRICT C-2

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds			\$ 728,365
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	96,436	
	Depreciation	<u>(197,210)</u>	(100,774)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.			15,635
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Changes in Compensated Absences		3,649
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	220,611	
	Deferred charges related to OPEB	<u>23,699</u>	<u>244,310</u>
Change in net position of governmental activities			<u>\$ 891,185</u>

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Elbert County School District C-2 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by an elected board of five members. Following is a summary of the more significant policies:

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

The *Capital Projects Fund* accounts for revenues and expenditures related to the District's capital improvements and capital outlay activities.

Assets, Liabilities, and Fund Balance/Net Position

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Land and Improvements	10-40 years
Buildings and Improvements	10-50 years
Vehicles and Equipment	5 to 25 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$306,070. The accrued compensation is reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees may carry over a maximum of forty days to the next fiscal year. Any accrued days in excess of forty are paid out to employees at one half of the current one-day substitute’s rate in August each year. Upon termination of employment, employees are entitled to receive compensation for up to forty accrued but not used leave days at one half of the current one-day substitute rate. These compensated absences are recognized when paid in the governmental fund types. A long-term liability in the amount of \$26,970 has been recorded in the government-wide financial statements for the accrued compensated absences.

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

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

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports prepaid expenses and inventory balances as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District also reports its balances held in escrow for debt service requirements as restricted.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2023.

- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified fund balances in the Food Service Fund, Student Activity Fund, Pupil Activity Fund, and Capital Reserve Fund as assigned because their use has been designated for a specific purpose by the District.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

Risk Management

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

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

Subsequent Events

The District has evaluated events subsequent to the year ended June 30, 2023 through January 30, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

Budgets

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

Budgets (Continued)

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2023 consist of the following:

Petty Cash	\$ 2,400
Deposits	1,094,823
Investments	<u>2,544,607</u>
Total	<u>\$ 3,641,830</u>

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

Cash and Investments - Unrestricted	\$ 2,930,156
Cash and Investments - Restricted	<u>711,674</u>
	<u>\$ 3,641,830</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At June 30, 2023, the District had deposits with financial institutions with a carrying amount of \$1,094,823. The bank balances with the financial institutions were \$1,267,225. Of these balances, \$500,000 was covered by federal depository insurance and \$767,225 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

Investments

Interest Rate Risk

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

Credit Risk

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

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

Local Government Investment Pools

The District had invested \$2,544,607 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash

At June 30, 2023, cash in the amount of \$711,674 is restricted in the General Fund. The balance represents amounts held in a sinking fund at Security Bank of Kansas City. The funds are accumulated to comply with the sinking fund requirements of the District's Qualified Zone Academy Bond (QZAB) lease.

NOTE 4: CAPITAL ASSETS

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Capital Asset, Being				
Depreciated				
Land and Improvements	\$ 1,001,841	\$ -	\$ -	\$ 1,001,841
Buildings and Improvements	6,004,138	-	-	6,004,138
Vehicles and Equipment	803,221	96,436	-	899,657
Total Capital Assets, Being Depreciated	7,809,200	96,436	-	7,905,636
Accumulated Depreciation				
Land and Improvements	567,575	21,835	-	589,410
Buildings and Improvements	3,167,093	128,792	-	3,295,885
Vehicles and Equipment	629,317	46,583	-	675,900
Total Depreciation	4,363,985	197,210	-	4,561,195
Net Capital Assets	\$ 3,445,215	\$ (100,774)	\$ -	\$ 3,344,441

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

Governmental Activities	
Instruction	\$ 174,056
Supporting Services	23,154
Total	\$ 197,210

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 5: LONG-TERM DEBT

The following is a summary of the District’s long-term debt transactions for the year ended June 30, 2023:

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
Lease Payable	\$ 1,250,000	\$ -	\$ -	\$ 1,250,000	\$ -
Compensated Absences	30,619	-	3,649	26,970	4,078
Net Pension Liability	3,162,174	936,134	-	4,098,308	-
Net OPEB Liability	152,987	-	13,396	139,591	-
Total	\$ 4,595,780	\$ 936,134	\$ 17,045	\$ 5,514,869	\$ 4,078

Lease Payable

In October 2012, the District entered into a site lease/leaseback agreement to comply with a Qualified Zone Academy Bond from the State of Colorado with the First Bank of Missouri. Under the terms of the lease, the bank acquired a leasehold interest in the District’s property, and the District agreed to sublease the property for a total amount of \$1,250,000. The lease carries an interest rate of 4.21%. The principal component of \$70,000 annually is deposited into a sinking fund and will be held by the bank until the final termination of the lease on October 10, 2030. The sinking fund accrues interest at the one-year CD rate and such interest earnings will be applied to the final payment due under the lease upon termination. The interest portion of the debt qualifies for tax credit and is paid by the United States Government after the District submits IRS Form 8038-CP. For the year ended June 30, 2023, the United States Government paid \$52,625 directly to the First Bank of Missouri to cover the District’s interest liability on the lease.

NOTE 6: INTERFUND TRANSFERS

During the year ended June 30, 2023, the General Fund transferred \$10,751 to the Student Activity Fund, and \$450,000 to the Capital Projects Fund to cover operating and capital expenditures.

At June 30, 2023 the General Fund owes \$455,576 to the Capital Projects Fund, \$29,987 to the Food Service Fund, and \$5,833 to the Pupil Activity Fund. These balances are the result of payments made by those funds that have not yet been reimbursed by the General Fund.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the Pension Plan (Continued)

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

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

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

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

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.

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

**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 \$404,955 for the year ended June 30, 2023.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the Pension Plan (Continued)

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

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The 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 \$4,098,308 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the 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:

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

District's proportionate share of the net pension liability	\$4,098,308
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,194,288
Total	\$5,292,596

At December 31, 2022, the District's proportion was 0.0225%, which was a decrease of 0.0047% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$426,955 and revenue of \$101,842 for support from the State as a nonemployer contributing entity. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$38,786	\$-
Changes of assumptions or other inputs	72,594	-
Net difference between projected and actual earnings on pension plan investments	550,554	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	146,916	924,058
Contributions subsequent to the measurement date	218,320	N/A
Total	\$1,027,170	\$924,058

\$218,320 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:

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year ended June 30,	
2024	(\$341,850)
2025	(223,855)
2026	130,264
2027	320,233

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

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$5,363,275	\$4,098,308	\$3,041,931

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.

NOTE 8: 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.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the OPEB Plan

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

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.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

General Information about the OPEB Plan (Continued)

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.

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 \$20,268 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 \$139,591 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.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District’s proportion was 0.0171%, which was a decrease of 0.0006% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$3,431). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$18	\$33,758
Changes of assumptions or other inputs	2,244	15,407
Net difference between projected and actual earnings on OPEB plan investments	8,526	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,265	19,186
Contributions subsequent to the measurement date	10,927	N/A
Total	\$24,980	\$68,351

\$10,927 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:

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

Year ended June 30,	
2024	(\$16,228)
2025	(17,018)
2026	(9,687)
2027	(4,938)
2028	(5,317)
Thereafter	(1,110)

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ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (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	0.0%	0.0%

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

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

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

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

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

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

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

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

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

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

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

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

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

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

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

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.

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate
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 %	

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	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	\$135,640	\$139,591	\$143,890

¹For the January 1, 2023, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

ELBERT COUNTY SCHOOL DISTRICT C-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$161,827	\$139,591	\$120,572

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.

ELBERT COUNTY SCHOOL DISTRICT C-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$151,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, the District has evaluated its existing agreements and has determined that no changes to the District's financial statements are deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 1,114,149	\$ 1,134,174	\$ 1,158,401	\$ 24,227	\$ 1,076,398
Specific Ownership Taxes	167,736	167,736	168,539	803	168,538
Earnings on Investments	2,500	40,000	77,863	37,863	5,076
All Other Local Revenue Codes	165,349	87,100	271,291	184,191	186,783
Total Local Sources	<u>1,449,734</u>	<u>1,429,010</u>	<u>1,676,094</u>	<u>247,084</u>	<u>1,436,795</u>
State Sources					
State Equalization	2,446,158	2,580,333	2,580,962	629	2,267,690
Small Rural Schools	119,475	119,475	119,475	-	96,178
Exceptional Children's Education Act	41,903	81,903	52,700	(29,203)	166,589
Transportation	50,000	43,000	44,911	1,911	45,808
Nurse Workforce Grant	145,860	-	-	-	18,668
PERA On Behalf Contribution	-	-	101,842	101,842	38,702
All Other State Revenue	45,673	23,200	218,750	195,550	92,887
Total State Sources	<u>2,849,069</u>	<u>2,847,911</u>	<u>3,118,640</u>	<u>270,729</u>	<u>2,726,522</u>
Federal Sources					
Title I	28,747	28,747	14,900	(13,847)	28,847
Title IV	9,804	9,804	9,804	-	9,804
REAP	19,000	23,356	23,356	-	22,453
ESSER	150,000	106,500	172,480	65,980	72,140
All Other Federal Revenue	-	181,168	207,199	26,031	77,848
Total Federal Sources	<u>207,551</u>	<u>349,575</u>	<u>427,739</u>	<u>78,164</u>	<u>211,092</u>
TOTAL REVENUES	<u>4,506,354</u>	<u>4,626,496</u>	<u>5,222,473</u>	<u>595,977</u>	<u>4,374,409</u>
EXPENDITURES					
Instruction					
Salaries	1,342,982	1,477,770	1,361,540	116,230	1,155,026
Employee Benefits	643,327	706,848	591,090	115,758	499,808
Purchased Services	332,653	341,975	336,366	5,609	298,851
Supplies and Materials	83,600	112,100	90,428	21,672	70,952
Property	8,350	51,350	22,797	28,553	2,574
Other Objects and Uses	850	1,100	908	192	105
Total Instruction	<u>2,411,762</u>	<u>2,691,143</u>	<u>2,403,129</u>	<u>288,014</u>	<u>2,027,316</u>

(Continued)

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Guidance and Nursing					
Salaries	105,060	130,060	132,269	(2,209)	45,222
Employee Benefits	37,142	43,411	30,687	12,724	17,582
Purchased Services	32,230	32,230	34,942	(2,712)	24,647
Supplies and Materials	23,500	23,500	12,498	11,002	14,923
Property	-	-	2,670	(2,670)	7,492
Other Objects and Uses	13,350	13,350	8,246	5,104	3,474
Total Students	<u>211,282</u>	<u>242,551</u>	<u>221,312</u>	<u>21,239</u>	<u>113,340</u>
Staff Development/Library					
Salaries	18,443	21,078	98,939	(77,861)	15,114
Employee Benefits	10,935	12,640	26,196	(13,556)	7,572
Purchased Services	19,200	19,200	15,535	3,665	8,082
Supplies and Materials	10,550	10,550	7,742	2,808	12,975
Property	3,400	3,400	3,468	(68)	-
Other Objects and Uses	-	-	(1,769)	1,769	-
Total Instructional Staff	<u>62,528</u>	<u>66,868</u>	<u>150,111</u>	<u>(83,243)</u>	<u>43,743</u>
General Administration					
Salaries	109,010	110,929	113,948	(3,019)	206,077
Employee Benefits	47,626	50,237	81,382	(31,145)	42,196
Purchased Services	26,833	36,833	22,279	14,554	25,865
Supplies and Materials	11,000	11,000	12,680	(1,680)	8,187
Property	1,000	1,000	282	718	250
Other Objects and Uses	12,000	12,000	10,684	1,316	12,458
Total General Administration	<u>207,469</u>	<u>221,999</u>	<u>241,255</u>	<u>(19,256)</u>	<u>295,033</u>
School Administration					
Salaries	146,594	142,448	153,675	(11,227)	133,726
Employee Benefits	78,796	66,850	54,845	12,005	50,894
Purchased Services	400	2,740	280	2,460	429
Supplies and Materials	500	500	-	500	203
Property	300	300	150	150	-
Other Objects and Uses	300	300	-	300	222
Total School Administration	<u>226,890</u>	<u>213,138</u>	<u>208,950</u>	<u>4,188</u>	<u>185,474</u>

(Continued)

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Administration					
Salaries	83,957	83,154	67,432	15,722	83,737
Employee Benefits	42,014	41,891	34,471	7,420	32,046
Purchased Services	27,265	32,282	68,190	(35,908)	29,694
Supplies and Materials	1,000	1,000	1,358	(358)	361
Property	-	-	132	(132)	-
Other Objects and Uses	-	-	24,455	(24,455)	435
Total Business Services	<u>154,236</u>	<u>158,327</u>	<u>196,038</u>	<u>(37,711)</u>	<u>146,273</u>
Operations and Maintenance					
Salaries	67,270	73,270	70,993	2,277	64,441
Employee Benefits	27,704	29,456	26,095	3,361	22,847
Purchased Services	237,700	227,700	215,817	11,883	293,252
Supplies and Materials	136,000	136,000	141,917	(5,917)	177,617
Property	4,000	4,000	264	3,736	9,661
Total Operations and Maintenance	<u>472,674</u>	<u>470,426</u>	<u>455,086</u>	<u>15,340</u>	<u>567,818</u>
Student Transportation					
Salaries	16,250	16,250	19,908	(3,658)	14,469
Employee Benefits	3,640	3,713	6,385	(2,672)	3,530
Purchased Services	70,900	78,900	67,358	11,542	86,165
Supplies and Materials	22,400	30,400	36,557	(6,157)	35,721
Property	1,500	1,500	60,364	(58,864)	935
Total Student Transportation	<u>114,690</u>	<u>130,763</u>	<u>190,572</u>	<u>(59,809)</u>	<u>140,820</u>
Central Support					
Purchased Services	198,845	200,095	179,374	20,721	181,287
Supplies and Materials	6,500	14,500	10,209	4,291	775
Property	35,000	65,000	62,721	2,279	25,570
Total Central Support	<u>240,345</u>	<u>279,595</u>	<u>252,304</u>	<u>27,291</u>	<u>207,632</u>
Debt Service					
Interest Payments	3,000	3,000	55,217	(52,217)	55,625
Principal Payments	70,000	70,000	-	70,000	-
Total Debt Service	<u>73,000</u>	<u>73,000</u>	<u>55,217</u>	<u>17,783</u>	<u>55,625</u>

(Continued)

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
Total Supporting Services	1,763,114	1,856,667	1,970,845	(114,178)	1,755,758
RESERVES					
Contingency	570,000	-	-	-	-
Operating Reserve	1,578,938	2,247,338	-	2,247,338	-
Assigned Reserves	95,000	-	-	-	-
Emergency Reserves	105,000	200,000	-	200,000	-
TOTAL RESERVES	2,348,938	2,447,338	-	2,447,338	-
TOTAL EXPENDITURES	6,523,814	6,995,148	4,373,974	2,621,174	3,783,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,017,460)	(2,368,652)	848,499	3,217,151	591,335
OTHER FINANCING (USES)					
Transfers Out	(280,000)	(320,000)	(460,751)	(140,751)	(186,900)
TOTAL OTHER FINANCING (USES)	(280,000)	(320,000)	(460,751)	(140,751)	(186,900)
CHANGE IN FUND BALANCE	(2,297,460)	(2,688,652)	387,748	3,076,400	404,435
FUND BALANCES, Beginning	2,500,000	2,688,652	2,688,651	(1)	2,284,216
FUND BALANCES, Ending	\$ 202,540	\$ -	\$ 3,076,399	\$ 3,076,399	\$ 2,688,651

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

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

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.02225%	0.0272%	0.0331%	0.0290%	0.0295%	0.0323%	0.0328%	0.0370%	0.0401%	0.0424%
Proportionate Share of the Net Pension Liability (Asset)	\$ 4,098,308	\$ 3,162,174	\$ 5,009,827	\$ 4,332,799	\$ 5,216,607	\$ 10,437,088	\$ 9,752,179	\$ 5,656,872	\$ 5,440,727	\$ 5,408,155
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	1,194,288	362,503	-	549,561	713,298	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 5,292,596	\$ 3,524,677	\$ 5,009,827	\$ 4,882,360	\$ 5,929,905	\$ 10,437,088	\$ 9,752,179	\$ 5,656,872	\$ 5,440,727	\$ 5,408,155
Covered payroll	\$ 1,734,912	\$ 1,698,200	\$ 1,772,453	\$ 1,704,128	\$ 1,618,571	\$ 1,488,884	\$ 1,470,065	\$ 1,611,796	\$ 1,681,702	\$ 1,708,907
Proportionate Share of the Net Pension Liability As a Percentage of its Covered Payroll	236.2%	186.2%	282.6%	254.3%	366.37%	701.00%	663.38%	350.97%	323.53%	316.47%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 404,955	\$ 324,322	\$ 338,520	\$ 330,450	\$ 312,937	\$ 293,531	\$ 271,517	\$ 264,403	\$ 286,002	\$ 268,288
Contributions in Relation to the Contractually Required Contributions	404,955	324,322	338,520	330,450	312,937	293,531	271,517	264,403	286,002	268,288
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,987,018	\$ 1,631,373	\$ 1,702,811	\$ 1,705,101	\$ 1,635,845	\$ 1,553,582	\$ 1,476,789	\$ 1,491,148	\$ 1,693,128	\$ 1,677,848
Contributions as a Percentage of Covered Payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.39%	17.73%	16.89%	15.99%

ELBERT COUNTY SCHOOL DISTRICT C-2

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

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0171%	0.0177%	0.0192%	0.0190%	0.0192%	0.0183%	0.0186%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 139,591	\$ 152,987	\$ 182,129	\$ 213,024	\$ 260,538	\$ 238,339	\$ 241,387
Covered payroll	\$ 1,734,912	\$ 1,698,200	\$ 1,772,453	\$ 1,704,128	\$ 1,618,571	\$ 1,488,884	\$ 1,470,065
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.0%	9.0%	10.3%	12.5%	16.10%	16.01%	16.42%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

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

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 20,268	\$ 16,640	\$ 17,369	\$ 17,392	\$ 16,686	\$ 15,847	\$ 15,210
Contributions in Relation to the Contractually Required Contributions	20,268	16,640	17,369	17,392	16,686	15,847	15,210
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,987,018	\$ 1,631,373	\$ 1,711,811	\$ 1,705,101	\$ 1,635,845	\$ 1,553,582	\$ 1,491,148
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ELBERT COUNTY SCHOOL DISTRICT C-2

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	PUPIL ACTIVITY FUND	TOTALS
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 59,657	\$ 59,657
Accounts Receivable	12,385	-	-	12,385
Due from Other Funds	29,987	-	5,833	35,820
Inventory	5,841	-	-	5,841
TOTAL ASSETS	<u>\$ 48,213</u>	<u>\$ -</u>	<u>\$ 65,490</u>	<u>\$ 113,703</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 318	\$ -	\$ -	\$ 318
Accrued Salaries and Benefits	11,788	-	-	11,788
TOTAL LIABILITIES	<u>12,106</u>	<u>-</u>	<u>-</u>	<u>12,106</u>
FUND EQUITY				
Fund Balance				
Nonspendable	5,841	-	-	5,841
Assigned	30,266	-	65,490	95,756
TOTAL FUND EQUITY	<u>36,107</u>	<u>-</u>	<u>65,490</u>	<u>101,597</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 48,213</u>	<u>\$ -</u>	<u>\$ 65,490</u>	<u>\$ 113,703</u>

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	PUPIL ACTIVITY FUND	TOTALS
REVENUES				
Local Sources	\$ 53,537	\$ 27,108	\$ 80,936	\$ 161,581
State Sources	999	-	-	999
Federal Sources	125,472	-	-	125,472
 TOTAL REVENUES	 180,008	 27,108	 80,936	 288,052
EXPENDITURES				
Current				
Supporting Services	273,426	58,211	64,571	396,208
 TOTAL EXPENDITURES	 273,426	 58,211	 64,571	 396,208
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (93,418)	 (31,103)	 16,365	 (108,156)
OTHER FINANCING SOURCES				
Transfers In	-	10,751	-	10,751
 TOTAL OTHER FINANCING SOURCES	 -	 10,751	 -	 10,751
 NET CHANGE IN FUND BALANCES	 (93,418)	 (20,352)	 16,365	 (97,405)
FUND BALANCES, Beginning	129,525	20,352	49,125	199,002
FUND BALANCES, Ending	<u>\$ 36,107</u>	<u>\$ -</u>	<u>\$ 65,490</u>	<u>\$ 101,597</u>

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
 FOOD SERVICE FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ 8,500	\$ 36,500	\$ 53,537	\$ 17,037	\$ 5,696
State and Federal Sources					
School Lunches	30,000	49,400	71,171	21,771	132,877
School Breakfast	400	400	19,921	19,521	38,306
Commodity Donations	6,000	6,000	3,258	(2,742)	8,608
Supply Chain Assistance	-	16,000	16,045	45	9,325
USDA Grant	-	-	15,077	15,077	-
State Match	900	700	999	299	771
TOTAL REVENUES	45,800	109,000	180,008	71,008	195,583
EXPENDITURES					
Salaries	79,847	88,167	76,867	11,300	72,461
Benefits	44,130	46,552	33,954	12,598	33,890
Purchased Services	6,800	7,900	5,722	2,178	6,322
Food	45,800	91,000	75,670	15,330	63,886
Other Supplies	12,600	6,600	7,167	(567)	11,332
Property	3,000	15,000	72,276	(57,276)	-
Other	3,623	33,306	1,770	31,536	-
TOTAL EXPENDITURES	195,800	288,525	273,426	15,099	187,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(150,000)	(179,525)	(93,418)	86,107	7,692
OTHER FINANCING SOURCES					
Transfers In	75,000	50,000	-	(50,000)	62,000
CHANGE IN FUND BALANCE	(75,000)	(129,525)	(93,418)	36,107	69,692
FUND BALANCES, Beginning	75,000	129,525	129,525	-	59,833
FUND BALANCES, Ending	\$ -	\$ -	\$ 36,107	\$ 36,107	\$ 129,525

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
 STUDENT ACTIVITY FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Charges for Services	\$ 24,000	\$ 23,150	\$ 26,028	\$ 2,878	\$ 28,664
Other	-	-	1,080	1,080	598
TOTAL REVENUES	24,000	23,150	27,108	3,958	29,262
EXPENDITURES					
Supporting Services					
Purchased Services	53,800	55,700	32,605	23,095	27,434
Materials and Supplies	-	-	19,122	(19,122)	15,940
Property	-	-	6,484	(6,484)	267
Other	12,200	7,802	-	7,802	-
TOTAL EXPENDITURES	66,000	63,502	58,211	5,291	43,641
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,000)	(40,352)	(31,103)	9,249	(14,379)
OTHER FINANCING SOURCES					
Transfers In	30,000	20,000	10,751	(9,249)	30,000
CHANGE IN FUND BALANCE	(12,000)	(20,352)	(20,352)	-	15,621
FUND BALANCE, Beginning	12,000	20,352	20,352	-	4,731
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -	\$ 20,352

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Other	\$ 130,000	\$ 130,000	\$ 80,936	\$ (49,064)	\$ 69,625
TOTAL REVENUES	130,000	130,000	80,936	(49,064)	69,625
EXPENDITURES					
Supporting Services					
Materials and Supplies	190,000	179,125	64,571	114,554	74,172
TOTAL EXPENDITURES	190,000	179,125	64,571	114,554	74,172
CHANGE IN FUND BALANCE	(60,000)	(49,125)	16,365	65,490	(4,547)
FUND BALANCE, Beginning	60,000	49,125	49,125	-	53,672
FUND BALANCE, Ending	\$ -	\$ -	\$ 65,490	\$ 65,490	\$ 49,125

See the accompanying independent auditor's report.

ELBERT COUNTY SCHOOL DISTRICT C-2

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Earnings on Investments	\$ 200	\$ 3,500	\$ 5,287	\$ 1,787	\$ 265
Other	-	-	21,135	21,135	8,000
TOTAL REVENUES	200	3,500	26,422	22,922	8,265
EXPENDITURES					
Supporting Services					
Purchased Services	55,000	55,000	-	55,000	-
Property	170,000	240,000	38,400	201,600	37,602
Other	50,200	120,998	-	120,998	-
TOTAL EXPENDITURES	275,200	415,998	38,400	377,598	37,602
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(275,000)	(412,498)	(11,978)	400,520	(29,337)
OTHER FINANCING SOURCES					
Transfers In	175,000	250,000	450,000	200,000	94,900
CHANGE IN FUND BALANCE	(100,000)	(162,498)	438,022	600,520	65,563
FUND BALANCE, Beginning	100,000	162,498	162,498	-	96,935
FUND BALANCE, Ending	\$ -	\$ -	\$ 600,520	\$ 600,520	\$ 162,498

See the accompanying independent auditor's report.

COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 0930 - Kiowa C-2
 Fiscal Year 2022-23
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	2,688,652		4,761,721	4,373,974		3,076,399
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	2,688,652		4,761,721	4,373,974		3,076,399
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	49,124		80,936	64,571		65,489
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	129,525		178,657	272,074		36,107
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	20,352		37,807	58,158		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	0		0	0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	162,498		476,422	38,400		600,520
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	3,050,150		5,535,542	4,807,178		3,778,515
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0
FINAL						0