

Lamar School District RE-2, Prowers County  
Auditor's Report and Financial Statements  
June 30, 2023

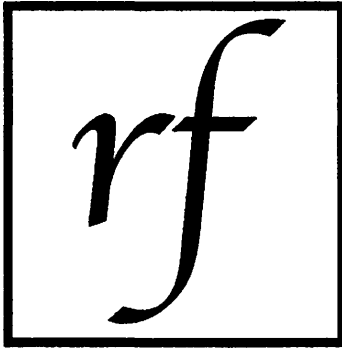
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*Independent Auditor's Report*

Board of Education  
Lamar School District RE-2

**Report on the Audit of the Financial Statements**

*Opinions*

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of Lamar School District RE-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 present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the aggregate discretely presented component unit was not audited in accordance with the Government Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Responsibilities of Management for the Financial Statements*

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***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 on pages iii through v, and the additional required supplementary information on pages 37 through 42 be presented to supplement the basic financial statements. Such information is the

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 43 through 53, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*rfarmer, Uc*

November 1, 2023

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Lamar School District Re-2's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2023.

### Fund Financial Statements

The District financial statements are now solely governmental activities. These activities are financed through taxes, intergovernmental revenues, and other non-trade revenues. Each fund is accounted for in the financial statements with a separate set of self-balancing accounts which reflect assets, liabilities, fund equity, revenues, and expenditures. GASB Statement #34 requires two district-wide financial statements (Statement of Net Position-page 4, and Statement of Activities-page 5) combining a broad range of district activities into single financial statements. While these give a look at the big picture of the district financial status, they are difficult to digest for operational details of the District.

As reflected in the June 30, 2023 Statement of Net Position, total net position increased from \$11,137,880 in 2022 to \$16,642,183 in 2023, which continues to be a function of the GASB 68 reporting requirements. The District financial statements now reflect a net increase in the governmental activity funds in the amount of \$5,504,305. Restricted assets, which are now composed of fund balances in the capital projects and required TABOR reserve, increased from \$3,119,942 in 2022 to \$4,909,359 in 2023. GASB 68 requires all school districts to report pension liabilities, and RE-2's share is \$16,875,499, which has a negative impact on the District's financial statements. One of which is the unrestricted, or undesignated, net position decreasing from \$2,088,403 in 2014 to \$(739,947) in 2023. This reporting requirement, as well as bonds payable, have also caused total liabilities to increase from \$1,368,570 in 2014 to \$22,530,491 in 2023.

In the revenue realm, total revenues for the District from state and local sources increased from \$14,814,097 in 2022 to \$16,464,670 in 2023. Total expenditures were \$7,648,707 in 2022 and \$16,256,428 in 2023. Additional revenues are \$602,284 in charges for services and \$4,694,991 in Operating Grants and Contributions. The net result is an increase in net assets of \$5,505,517, which is due to the continued fluctuation of PERA debt. This is a continuation of the GASB 68 reporting requirements.

Comparing 21-22 fiscal year and 22-23 fiscal year, by function, the total Lamar RE-2 School District expenditures were as follows:

	2022	2023
Instructional Services	\$ 8,652,180	\$ 9,297,453
Centralized Services	\$ 4,559,655	\$ 5,391,205
Operations & Maintenance	\$ 1,282,163	\$ 1,398,620
Pupil Transportation	\$ 341,498	\$ 392,184
District Wide Costs	\$ (7,759,347)	\$ (901,028)
Interest on Long-term Debt	\$ 130,706	\$ 125,635
Athletic & Activity Programs	<u>\$ 441,852</u>	<u>\$ 552,359</u>
Total for Lamar RE-2 School District	\$7,648,707	\$16,256,428

The current financial report (2023) reflects significant changes as the revenues exceeded expenditures by \$3,429,302. This change is mainly due to the conservative spending by all departments. The ending fund balance in Total Governmental Funds increased from \$14,106,146 in 2022 to \$17,535,446 in 2023. Further details are given in the following tables with respect to revenues, expenditures and fund balances in the governmental funds.

<u>Fund</u>	2022	2023	2022	2023
	<u>Revenues</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures</u>
General	\$15,726,596	\$17,164,743	\$ 11,774,123	\$ 13,276,128
Title (Federal)	\$ 2,843,100	\$ 2,940,325	\$ 2,843,100	\$ 2,940,325
Debt Service	\$ 341,266	\$ 331,590	\$ 267,159	\$ 267,069
Capital Projects	\$ 1,006,452	\$ 1,617,228	\$ 205,721	\$ 384,453
Other Government	<u>\$ 1,142,580</u>	<u>\$ 1,408,059</u>	<u>\$ 1,222,424</u>	<u>\$ 1,464,668</u>
Totals	\$20,247,994	\$21,761,945	\$ 16,312,527	\$ 18,332,643

Fund balances in the governmental funds were as follows:

<u>Fund</u>	2022 Ending <u>Fund Balance</u>	2023 Ending <u>Fund Balance</u>	<u>Net Change</u>
General	\$ 9,857,991	\$ 12,046,606	\$ 2,188,615
Title (Federal)	\$ -	\$ -	\$ -
Debt Service	\$ 475,960	\$ 540,479	\$ 64,521
Capital Projects	\$ 3,105,341	\$ 4,338,117	\$ 1,232,775
Other Governmental	<u>\$ 666,854</u>	<u>\$ 610,244</u>	<u>\$ (56,609)</u>
Totals	\$14,106,146	\$17,535,446	\$ 3,429,302

#### **Analysis of Overall Financial Position**

While considerable time was taken in previous paragraphs to compare and contrast current and prior year financial information, it would now be appropriate to assess whether the financial position in governmental activities has improved or deteriorated. In the combined governmental activities, one indicator that the financial position has decreased in the capital assets, at approximately \$34.9 million at the end of 2022, to approximately 34.2 million at the end of 2023.

#### **Analysis of Fund Balances and Transactions of Individual Funds**

The General Operating Fund of the District showed an increase in the fund balance from \$9,857,991 in 2022 to \$12,046,606 in 2023. Of that amount, \$111,232 is reserved for the pre-school fund, leaving \$11,936,002 (including the TABOR reserve) in the general fund itself. To ensure that there is sufficient money in reserves to meet cash flow requirements of the District until tax revenues begin to flow in the February-March time frame, the board enacted a policy requiring that we retain at least 7% of anticipated expenditures in reserve in addition to the required 3% TABOR reserve. At the end of 2022-2023 fiscal year, RE-2 had approximately 74% in reserve, including the TABOR reserve. The greatest area of concern in regard to the stability of the general fund continues to be enrollment and the stability of per pupil funding (PPF) from the state. While the statutory ability to average five years of enrollment helps cushion the fall, decline in student numbers offers a financial challenge.

#### **Analysis of Original, Final, and Actual Budget Results for the General Fund**

According to the 2022-2023 audit, revenue and expenditure estimates changed from the original budget in June 2022 to the final budget in December 2022. Actual revenue was \$362,408 more than what was estimated in the December 2022 final budget, primarily due to an increase in state share revenue. Actual expenditures (contingency reserves omitted) were \$2,994,245 less than anticipated in the December 2022 final budget, primarily due to across the board spending restraint.

#### **Summary Comments**

As reviewed earlier, the financial standing of the District appears sound. Through adjustments to staffing and overall expenditures, the District has managed to stay ahead of the decline in revenues caused by the long term erosion in enrollment. Despite the many financial challenges, the District has managed to keep staff salaries and benefits at least

regionally competitive, plan capital projects that maintain the District facilities, keep equipment in good shape overall, and meet the educational needs of students.

However, continued difficulties with the state and national economy, declining enrollment, which leads to reduction in funding, and the elimination of COVID funding in 2024, could dramatically affect the financial situation in this District. Therefore, fiscal prudence is advised in planning for future budgets.

If additional information is required please contact the District at 719-336-3251 or by mail at 210 W. Pearl, Lamar, Colorado.

**Lamar School District RE-2**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Lamar School District RE-2</b>	<b>Alta Vista Charter School</b>
<b>ASSETS</b>		
Cash and Equivalents	\$ 18,759,040	\$ 1,235,725
Receivables	1,053,744	3,846
Inventories	6,317	-
Capital Assets:		
Buildings	30,409,723	6,573,910
Equipment and Furniture	3,790,922	283,435
Less: Accumulated Depreciation	(18,355,325)	(1,588,157)
Total Capital Assets	15,845,320	5,269,188
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	6,869,623	517,068
OPEB	116,518	8,770
Total Assets	42,650,562	7,034,597
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	1,538,930	144,677
Unearned Revenues	744,725	59,635
Long-term liabilities:		
Due within one year:		
Bonds payable	146,596	-
Due in more than one year:		
Bonds payable	3,224,741	-
Net Pension and OPEB Liability	16,875,499	1,100,671
Total liabilities	22,530,491	1,304,983
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	3,229,932	243,113
OPEB	246,744	18,571
<b>NET POSITION</b>		
Net investment in capital assets	12,473,983	5,269,188
Restricted:		
BEST Capital Renewal Reserve	-	128,500
Capital projects	4,338,117	-
TABOR and Colorado Pre-School	571,242	36,150
Unrestricted	(739,947)	34,092
Total net position	\$ 16,643,395	\$ 5,467,930

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

**Lamar School District RE-2**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Lamar School District RE-2	Alta Vista Charter School
<b>Primary government</b>						
<b>Governmental Activities</b>						
Instructional:						
High School	\$ 2,097,819	\$ -	\$ 32,103	\$ (2,065,716)	\$ (2,065,716)	\$ -
Middle School	1,309,031	-	45,227	(1,263,804)	(1,263,804)	-
Parkview	1,033,793	-	-	(1,033,793)	(1,033,793)	-
Washington	1,209,945	-	-	(1,209,945)	(1,209,945)	-
Lincoln	1,770,016	-	-	(1,770,016)	(1,770,016)	-
MHDC & CPP	555,692	-	72,078	(483,614)	(483,614)	-
Charter School	1,321,157	163,372	-	(1,157,785)	(1,157,785)	(992,984)
<b>Total Instructional</b>	<b>9,297,453</b>	<b>163,372</b>	<b>149,408</b>	<b>(8,984,673)</b>	<b>(8,984,673)</b>	<b>(992,984)</b>
<b>Support Services:</b>						
Centralized Services	5,391,205	43,418	2,271,986	(3,075,801)	(3,075,801)	-
Operations & Maintenance	1,398,620	-	-	(1,398,620)	(1,398,620)	-
Pupil Transportation	392,184	-	-	(392,184)	(392,184)	-
Districtwide Costs	(901,028)	-	2,273,597	3,174,625	3,174,625	-
Interest on Long-term debt	125,635	-	-	(125,635)	(125,635)	-
<b>Total Support Services</b>	<b>6,406,616</b>	<b>43,418</b>	<b>4,545,583</b>	<b>(1,817,615)</b>	<b>(1,817,615)</b>	<b>-</b>
<b>Operation of Noninstructional Services:</b>						
Athletic & Activity Programs	552,359	395,494	-	(156,865)	(156,865)	-
<b>Total Noninstructional Services</b>	<b>552,359</b>	<b>395,494</b>	<b>-</b>	<b>(156,865)</b>	<b>(156,865)</b>	<b>-</b>
<b>Total governmental activities</b>	<b>16,256,428</b>	<b>602,284</b>	<b>4,694,991</b>	<b>(10,959,153)</b>	<b>(10,959,153)</b>	<b>(992,984)</b>
<b>Total primary government</b>	<b>16,256,428</b>	<b>602,284</b>	<b>4,694,991</b>	<b>(10,959,153)</b>	<b>(10,959,153)</b>	<b>(992,984)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes				\$ 2,072,093	\$ 2,072,093	\$ -
Property taxes, levied for debt service				328,357	328,357	-
Specific ownership, general				356,540	356,540	-
State & federal aid not restricted to specific functions:						
State equalization/Per pupil revenue				12,337,483	12,337,483	1,321,157
Unrestricted investment earnings				583,663	583,663	3,067
Miscellaneous				786,534	786,534	13,840
<b>Total general revenues, special items, and transfers</b>				<b>16,464,670</b>	<b>16,464,670</b>	<b>1,338,064</b>
Change in net position				5,505,517	5,505,517	345,080
Net position - beginning				11,137,878	11,137,878	5,122,850
<b>Net position - ending</b>				<b>\$ 16,643,395</b>	<b>\$ 16,643,395</b>	<b>\$ 5,467,930</b>

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

**Lamar School District RE-2  
Balance Sheet  
Governmental Funds  
June 30, 2023**

	<u>General</u>	<u>Title Programs</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,814,748	\$ (467,144)	\$ 519,343	\$ 4,338,117	\$ 553,976	\$ 18,759,040
Taxes receivable, net	111,767	-	-	-	-	111,767
Other receivables	5,601	851,435	21,136	-	64,433	942,605
Inventories	-	-	-	-	6,317	6,317
Total assets	<u>13,932,116</u>	<u>384,291</u>	<u>540,479</u>	<u>4,338,117</u>	<u>624,726</u>	<u>19,819,729</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	65,875	110	-	-	14,482	80,467
Unearned revenue	745,353	-	-	-	-	745,353
Other accrued expenses	1,074,282	384,181	-	-	-	1,458,463
Total liabilities	<u>1,885,510</u>	<u>384,291</u>	<u>-</u>	<u>-</u>	<u>14,482</u>	<u>2,284,283</u>
<b>Fund balances:</b>						
Non-spendable inventory	-	-	-	-	6,317	6,317
Restricted preschool fund	111,232	-	-	-	-	111,232
Debt service	-	-	540,479	-	-	540,479
Committed capital projects funds	-	-	-	4,338,117	-	4,338,117
Restricted-TABOR	460,010	-	-	-	-	460,010
Unassigned	11,475,364	-	-	-	-	11,475,364
Committed, reported in non-major: Special revenue funds	-	-	-	-	603,927	603,927
Total fund balances	<u>12,046,606</u>	<u>-</u>	<u>540,479</u>	<u>4,338,117</u>	<u>610,244</u>	<u>17,535,446</u>
Total liabilities and fund balances	<u>\$ 13,932,116</u>	<u>\$ 384,291</u>	<u>\$ 540,479</u>	<u>\$ 4,338,117</u>	<u>\$ 624,726</u>	<u>\$ 19,819,729</u>

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

**Lamar School District RE-2**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2023**

Total fund balance, governmental funds	\$ 17,535,446
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	15,961,838
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position: Pension Plan Deferred Outflow	6,869,623
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(23,723,512)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 16,643,395</u></u>

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

**Lamar School District RE-2**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>Title Programs</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 2,072,093	\$ -	\$ 328,357	\$ -	\$ -	\$ 2,400,450
SO Tax	356,540	-	-	-	-	356,540
Student Activities	-	-	-	-	395,494	395,494
Intergovernmental	13,209,975	2,940,325	-	-	705,659	16,855,959
Charges for services	-	-	-	-	43,418	43,418
Investment earnings	461,703	-	3,233	117,228	1,499	583,663
Miscellaneous	1,064,432	-	-	-	61,989	1,126,421
Total revenues	<u>17,164,743</u>	<u>2,940,325</u>	<u>331,590</u>	<u>117,228</u>	<u>1,208,059</u>	<u>21,761,945</u>
<b>EXPENDITURES</b>						
Instructional:						
High School	2,052,086	25,523	-	-	-	2,077,609
Middle School	1,303,063	-	-	-	-	1,303,063
Parkview	786,760	276,917	-	-	-	1,063,677
Washington	891,003	303,423	-	-	-	1,194,426
Lincoln	-	2,236,334	-	-	-	2,236,334
MHDC	483,615	-	-	-	-	483,615
Colorado Preschool	66,865	-	-	-	-	66,865
Charter School	1,321,157	-	-	-	-	1,321,157
Vocational	1,126	-	-	-	-	1,126
Total Instructional	<u>6,905,675</u>	<u>2,842,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,747,872</u>
Support Services:						
Centralized Services	3,875,554	96,228	-	-	769,607	4,741,389
Operations & Maintenance	1,398,620	-	-	-	-	1,398,620
Pupil Transportation	395,484	1,900	-	-	-	397,384
District wide Costs	700,795	-	-	53,046	-	753,841
Minor Equipment and Repairs	-	-	-	73,884	-	73,884
Noninstructional Services:						
Athletic & Activity Programs	-	-	-	-	552,358	552,358
Debt Service:						
Principal	-	-	141,434	-	-	141,434
Interest Expense	-	-	125,635	-	-	125,635
Capital Outlay	-	-	-	257,523	142,703	400,226
Total Expenditures	<u>13,276,128</u>	<u>2,940,325</u>	<u>267,069</u>	<u>384,453</u>	<u>1,464,668</u>	<u>18,332,643</u>
Excess (deficiency) of revenues over expenditures	<u>3,888,615</u>	<u>-</u>	<u>64,521</u>	<u>(267,225)</u>	<u>(256,609)</u>	<u>3,429,302</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	1,500,000	200,000	1,700,000
Transfers out	(1,700,000)	-	-	-	-	(1,700,000)
Total other financing sources and uses	<u>(1,700,000)</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>200,000</u>	<u>-</u>
<b>SPECIAL ITEM</b>						
Proceeds from sale of assets	-	-	-	-	-	-
Net change in fund balances	2,188,615	-	64,521	1,232,775	(56,609)	3,429,302
Fund balances - beginning	9,857,991	-	475,958	3,105,342	666,853	14,106,144
Fund balances - ending	<u>\$ 12,046,606</u>	<u>\$ -</u>	<u>\$ 540,479</u>	<u>\$ 4,338,117</u>	<u>\$ 610,244</u>	<u>\$ 17,535,446</u>

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

**Lamar School District RE-2**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

Net change in fund balances - total governmental funds:	\$	3,429,302
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlay of \$400,226 is less than depreciation of \$890,144 in the current period.</p>		(489,918)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.</p>		141,434
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p> <p style="padding-left: 20px;">Net difference between PERA pension and OPEB actual expense contributions</p>		2,424,700
Rounding		(1)
Change in net position of governmental activities	\$	5,505,517

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

**Lamar School District RE-2, Prowers County**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1            Reporting Entity**

The Lamar School District RE-2 (the District) is organized as a common school district. The District, governed by a seven-member elected school board, operates grades K through 12. This report includes all of the funds of the Lamar School District RE-2. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature of significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Alta Vista Charter School is reported as a component unit. Financial statements for Alta Vista Charter School can be obtained from Lamar School District RE-2 administration.

**Note 2            Summary of Significant Accounting Policies**

The accounting policies of the Lamar School District RE-2, Prowers County conform to generally accepted accounting principles as applicable to governmental units.

Financial Statement Presentation

The financial statements are presented in conformity with standards as prescribed by the Governmental Accounting Standards Board.

District-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

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

As a general rule, the effect of material inter-fund activity has been eliminated from the district-wide financial statements.

### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.
- In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

### Governmental Activities

Governmental funds are identified as general, special revenue, debt service or capital projects funds based up on the following guidelines.

*General Fund* – The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Title Programs Fund* – The Title Programs Fund is used to account for the proceeds of specific revenue sources (other than major capital project or expendable trust) that are legally restricted to expenditures for specified purposes. The revenues include federal funds received for specific programs and non-federal funds limited to specific expenditures based on the funding source.

*Capital Projects Fund* – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

*Debt Service Fund* – The Debt Service Fund collects property taxes that are used to pay principal and interest on taxpayer approved bonded debt. After the debt is paid in full, the fund will cease to operate.

### Major Funds

The District reports the following major governmental funds:

- General Fund
- Grant - Title Programs Fund
- Capital Projects Fund
- Debt Service Fund

### Non-Major Funds

The District reports the following non-major funds:

Special Revenue Funds:

- Food Service
- Interscholastic Athletics
- Middle School Activity
- High School Activity
- Public School

### Basis of Accounting

The district-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1. Full receipt of the entire levy is assured within sixty days of the school's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

Property taxes are collected by the County Treasurer. Annual property taxes are levied and assessed on January 1 and are certified by the Counties by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. One-half of the property taxes are due by February 28 and the other half is due by June 15 or all may be paid by April 30 to avoid penalties and interest. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the District. District property tax revenues

are recognized as they become current receivables from the County Treasurer. The amount of property taxes to be collected for the School District is shown as a receivable.

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs and investment income.

For governmental fund financial statements, unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

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

#### Measurement Focus

On the district-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements, are reflected in operations. Resources are not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences, and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

#### District-Wide Statements

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to July 2002, governmental funds' capital assets were accounted for in the general fixed asset account group and were not recorded directly as a part of any individual fund's financial statements. Upon implementing GASB 34 governmental units are required to account for all fixed assets including infrastructure in the district-wide statements. The District does not have any infrastructure assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the State of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation for all fixed assets that cost \$5,000 or more. The range of estimated useful lives by type of asset is as follows:

Site Improvements	10-20 years
Buildings	50 years
Building Improvements	20 years
Furniture and equipment	5-15 years
Computer and related technology	5 years
Library books	7 years

Interest incurred or earned during the construction of capital assets is capitalized. There was not any capitalized interest during the year.

#### Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

#### Interfund Receivables and Payables

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and due from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

#### Budgets

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in the basis of accounting.

Annual budgets are adopted as required by Colorado Revised Statutes. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons in this report are presented on the GAAP basis.

The Board of Education shall each year cause to be prepared a proposed budget for the ensuing fiscal year. A statement shall be submitted with the proposed budget describing the major objectives of the educational program to be undertaken by the school district during the ensuing fiscal year and the manner in which the budget proposes to fulfill such objectives. The proposed budget shall be submitted to the Board by May 31. The final

adoption of the School District budget and appropriation resolution must be made by June 30. Any changes to the budget and appropriation resolution must be made within the appropriate deadline.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided unanticipated resources are received to offset them. Supplemental appropriations were adopted for the current school year.

#### Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

#### Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the district-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

#### Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/ expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

#### Equity Classifications

##### *District-Wide Statements*

Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the

debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.

2. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### *Fund Statements*

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

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

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

When both restricted and unrestricted fund balances are available for use, it is the District’s policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

### Note 3

### Cash and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2023, the District's cash deposits were:

Insured deposits (FDIC)	\$ 268,081
Deposits collateralized under PDPA	1,035,437
ColoTrust Investment	<u>17,400,242</u>
Total Cash not including cash with the County Treasurer	<u>\$ 18,703,760</u>

The District also has cash with the County Treasurer totaling \$55,280.

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

- Repurchase agreements,
- Obligations of the United States or obligations unconditionally guaranteed by the United States,
- Obligations of the State of Colorado and most general obligations of units of local governments,
- Federally insured mortgages and student loans,
- Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments. (One such trust formed under the statute is "COLOTRUST").

#### General Description

If an external investment pool meets the criteria in GASB 79 Paragraph 4 and measures all of its investments at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting cost for financial reporting purposes. If an external investment pool does not meet the criteria in Paragraph 4, the pool's participants should measure their investments in the pool at fair value as provided in Paragraph 11 of GASB Statement 31, as amended.

COLOTRUST follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement. COLOTRUST does not meet all of the specific criteria outlined in GASB 79 Paragraph 4 therefore COLOTRUST Participants should measure their investments in COLOTRUST at fair value as provided in Paragraph 11 of GASB Statement 31, as amended.

COLOTRUST reports the amortized cost of investments, which approximates fair value, to its Participants.

Public Trust interprets GASB 31, as amended by GASB 79, to mean that COLOTRUST should measure all of the investments in COLOTRUST at fair value. Therefore, your Participant balance should be considered the fair value of your investment in COLOTRUST.

#### GASB 72 Note Disclosure Requirement for COLOTRUST

COLOTRUST measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in COLOTRUST is not required to be categorized within fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

#### Credit Quality Disclosure

COLOTRUST PLUS+ and COLOTRUST PRIME are rated by S&P Global Rating. The current rating is 'AAAm.' COLOTRUST EDGE is rated by FitchRatings. The current rating is 'AAAf/S1.'

#### Interest Rate Disclosure

The dollar weighted average days to final (WAM) of COLOTRUST PLUS+ at June 30, 2022, was 78 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The dollar weighted average days to maturity (WAM) of COLOTRUST PRIME at June 30, 2022 is 94 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a) Uncollateralized,
- b) Collateralized with securities held by the pledging financial institution, or
- c) Collateralized with securities held by the financial institution's trust department or agent but not in the depositor-government's name.

**Note 4 Capital Assets**

Assets that cost more than \$5,000 are capitalized.

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	Balance 7/1/2022	Additions	Deletions and Reclassifications	Balance 6/30/2023
Capital assets being depreciated				
Buildings	\$ 30,409,723	\$ -	\$ -	\$ 30,409,723
Equipment	4,474,353	400,226	(1,083,657)	3,790,922
Total Capital Assets	34,884,076	400,226	(1,083,657)	34,200,645
Less Accum Depreciation	(18,548,818)	(890,144)	1,083,657	(18,355,305)
Net Capital Assets	\$ 16,335,258	\$ (489,918)	\$ -	\$ 15,845,340
Construction in Progress	\$ -	\$ 164,855	\$ -	\$ 164,855

Depreciation expense was charged to functions as follows:

Instruction:	
High School	\$ 20,209
Middle School	5,968
Parkview	1,353
Washington	15,519
Lincoln	639
Support Services	
Outbuildings, Central Service, Transportation	215,558
Buildings	630,898
	<u>\$ 890,144</u>

**Note 5 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](http://www.copera.org/investments/pera-financial-reports).

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

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

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

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

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

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

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

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

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

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

*Contributions provisions as of June 30, 2023:* Eligible employees of, 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:

	<b>July 1, 2022 Through June 30, 2023</b>
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	<u>10.38%</u>
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	<u>5.50%</u>
<b>Total employer contribution rate to the SCHDTF</b>	<b><u>20.38%</u></b>

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 \$1,661,825 for the year ended June 30, 2023.

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

additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The District 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 \$16,259,881 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$ 16,259,881
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,863,987
Total	<u>\$ 18,123,868</u>

At December 31, 2022, the District proportion was 0.099529%, which was an immaterial decrease from its proportion measured as of December 31, 2021

For the year ended June 30, 2023, the District recognized pension expense of \$450,372 and revenue of \$450,372 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 171,423	\$ -
Changes of assumptions or other inputs	321,033	-
Net difference between projected and actual earnings on pension plan investments	5,664,635	3,229,932
Contributions subsequent to the measurement date	712,532	N/A
Total	<u>\$ 6,869,623</u>	<u>\$ 3,229,932</u>

\$712,532 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2024	\$	228,814
2025		389,766
2026		8,854,914
2027		892,519
2028		-
Thereafter		-

*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 <sup>1</sup>	Financed by AIR

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

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

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

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

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

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

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

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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%
<b>Total</b>	<b>100.00%</b>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (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.

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:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% increase (8.25%)</b>
Proportionate share of the net pension liability	\$123,717,911	\$18,123,869	\$13,452,272

*Pension Plan FNP.* 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](http://www.copera.org/investments/pera-financial-reports).

**Note 6**

**Defined Contribution Pension Plans**

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

*Funding Policy* - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

Deferred Compensation Plan (PERAPlus 457 Plan)

*Plan Description* - Employees of the District may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions, employer contributions and investment earnings.

**Note 7**

**Defined Benefit Other Post Employment Benefit (OPEB) Plan**

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

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

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

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

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 \$83,916 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 \$615,618 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The 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 0.07539%, which was approximately the same as its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$83,916. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 79	\$ 148,877
Changes of assumptions or other inputs	9,894	67,945
Net difference between projected and actual earnings on pension plan investments	67,523	29,922
Contributions subsequent to the measurement date	39,022	N/A
Total	<u>\$ 116,518</u>	<u>\$ 246,744</u>

\$39,022 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:

<b>Year Ended June 30:</b>	
2024	\$ (61,331)
2025	(57,588)
2026	(26,745)
2027	(4,010)
2028	(15,943)
Thereafter	(3,628)

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

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

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

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This

approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related Morbidity Assumptions**

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible),

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Sensitivity of the District'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:

	<b>1% Decrease In Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase In Trend Rates</b>
Initial PERACare Medicare trend rate	5.50%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	\$ 598,193	\$ 615,618	\$ 634,578

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

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

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

*Sensitivity of the 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:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ 713,684	\$ 615,618	\$ 531,741

*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](http://www.copera.org/investments/pera-financial-reports).

**Note 8 Excess of Actual Expenditures over Budget in Individual Funds**

No funds overspent their respective budgets.

**Note 9 Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The District, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the District would be financially responsible.

**Note 10 Commitments and Contingencies**

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

**Note 11 Accrued Salaries**

The District is recognizing the liability for all employees' salaries at year-end, which are due to nine- or ten-months services rendered, paid over twelve months. In effect, the entire wage has been earned, but only a portion was paid. Total accrued salaries were \$1,074,282 for the General Fund and \$384,181 for the Title Programs.

**Note 12 Long-Term Debt**

During November 2018, the voters of the Lamar School District RE-2 voted to issue general obligation bonds in an amount not to exceed \$3,950,000. The bonds were issued March 20, 2019. The bonds are not rated and are not secured by a financial guaranty insurance policy. The bonds bear interest payable semi-annually on June 1 and December 1 of each year commencing June 1, 2019, with an interest rate of 3.650%. The final maturity of the bonds is December 1, 2039. The bonds are subject to redemption prior to

maturity at the option of the District, in reverse order, in whole or in part, at par plus accrued interest to the redemption date, any date on or after December 1, 2027.

The repayments are as follows:

	<b>Interest</b>	<b>Principal</b>	<b>Total</b>
2024	\$ 123,052	\$ 146,596	\$ 269,648
2025	117,702	151,946	269,648
2026	112,156	157,492	269,648
2027	106,408	163,240	269,648
2028	100,450	169,198	269,648
2029-2033	404,976	943,264	1,348,240
2034-2038	219,796	1,128,444	1,348,240
2039-2040	28,151	511,157	539,308
Total	<u>\$ 1,212,691</u>	<u>\$ 3,371,337</u>	<u>\$ 4,584,028</u>

**Note 13 Tax, Spending and Debt Limitation**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment’s language in order to determine its compliance. In 1997 the taxpayers of the School District voted to retain revenues and not be subject to the fiscal year spending limitation of Article X Section 20 of the Colorado State Constitution provided that no local tax rate or mill levy shall be increased without further voter approval.

**Note 14 Joint Venture**

The District participates in the Southeastern Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES is:

- financially independent and responsible for its own financial deficits and entitled to its own surpluses,
- has a separate governing board from that of the District, which is comprised of 1 voting and 1 nonvoting member from each participating District,
- has separate management that is responsible for day-to-day operations and is accountable to the separate governing board,
- the governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities, and determining the outcome or disposition of matters affecting the recipients of services provided, and,
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

**Note 15            Component Unit**

The District transferred \$1,274,533 to Alta Vista Charter School during the school year. The District provides accounting and other services to the Charter School and was paid \$163,372 for those services.

**Note 16            Lease and Sublease – Component Unit**

During 2010-11 Alta Vista Charter School applied for and received a Building Excellent Schools Today (BEST) grant. The grant was for approximately \$5,515,967. The grant, through a sublease agreement, is administered by the State of Colorado Department of Education. Upon completion of the project, the Colorado Department of Education will release the property from the financing bank and the Colorado Department of Education will sublease the property to the school. The school is not obligated to pay any lease payments. At the end of 20 years, the lease period, the building will revert to Lamar School District, RE-2.

**Lamar School District RE-2**  
**Budget and Actual**  
**General**  
**For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ 2,051,497	\$ 2,051,497	\$ 2,072,093
SO Taxes	289,821	289,821	356,540
Intergovernmental	13,562,952	13,562,952	13,209,975
Investment earnings	140,000	140,000	461,703
Miscellaneous	506,628	758,065	1,064,432
Total revenues	<u>16,550,898</u>	<u>16,802,335</u>	<u>17,164,743</u>
<b>EXPENDITURES</b>			
Instructional:			
High School	2,464,725	2,464,725	2,052,086
Middle School	1,783,330	1,783,330	1,303,063
Parkview	1,123,920	1,123,920	786,760
Washington	1,246,009	1,246,009	891,003
MHDC	774,774	774,774	483,615
Colorado Preschool	-	-	66,865
Charter School	47,025	47,025	1,321,157
Lincoln	399,561	399,561	1,126
Total Instructional	<u>7,839,344</u>	<u>7,839,344</u>	<u>6,905,675</u>
Support Services:			
Centralized Services	5,188,773	5,771,845	3,875,554
Operations & Maintenance	1,357,544	1,357,544	1,398,620
Pupil Transportation	436,919	436,919	395,484
District wide Costs	864,721	864,721	700,795
Contingency	3,359,225	5,500,000	-
Total Expenditures	<u>19,046,526</u>	<u>21,770,373</u>	<u>13,276,128</u>
Excess (deficiency) of revenues over expenditures	<u>(2,495,628)</u>	<u>(4,968,038)</u>	<u>3,888,615</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>(1,735,615)</u>	<u>(1,735,615)</u>	<u>(1,700,000)</u>
Total other financing sources and uses	<u>(1,735,615)</u>	<u>(1,735,615)</u>	<u>(1,700,000)</u>
Net change in fund balances	(4,231,243)	(6,703,653)	2,188,615
Fund balances - beginning	6,969,017	9,857,990	9,857,991
Fund balances - ending	<u>\$ 2,737,774</u>	<u>\$ 3,154,337</u>	<u>\$ 12,046,606</u>

**Lamar School District RE-2  
Budget and Actual  
Title Programs  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 5,016,115	\$ 5,018,730	\$ 2,940,325
Total revenues	<u>5,016,115</u>	<u>5,018,730</u>	<u>2,940,325</u>
<b>EXPENDITURES</b>			
Instructional:			
High School	20,500	20,500	25,523
Parkview	347,223	347,223	276,917
Washington	313,699	313,699	303,423
Lincoln	4,206,512	4,209,127	2,236,334
Support Services:			
Centralized Services	117,760	117,760	96,228
Debt Service:			
Pupil Transportation	3,426	3,426	1,900
Capital Outlay	6,995	6,995	-
Total Expenditures	<u>5,016,115</u>	<u>5,018,730</u>	<u>2,940,325</u>
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Lamar School District RE-2**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2023**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion (percentage) of the collective net pension liability	0.099529	0.114699	0.13312	0.130033	0.130519	0.149442	0.147917	0.147638	0.162817	0.167365
District's proportionate share of the collective pension liability	\$ 16,259,881	\$ 11,975,241	\$ 20,126,046	\$ 16,168,816	\$ 23,111,198	\$ 48,324,448	\$ 44,040,749	\$ 22,580,134	\$ 20,536,906	\$ 19,866,540
Payroll	\$ 8,227,145	\$ 7,168,340	\$ 7,119,727	\$ 7,105,920	\$ 6,662,724	\$ 6,638,799	\$ 7,029,134	\$ 6,703,048	\$ 6,389,839	\$ 6,310,389
District's proportionate share of the net pension liability as a percentage of its payroll	198%	167%	283%	228%	347%	728%	627%	337%	321%	315%
Plan fiduciary net pension as a percentage of the total pension liability	61.79%	74.86%	66.99%	60.01%	62.23%	62.23%	62.87%	55.02%	58.40%	59.58%

GASB Statement No. 68 requires ten years of information to be presented in this table.

**Lamar School District RE-2**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**For the Year Ended June 30, 2023**

	for the year ended December 31,				
	2022	2021	2020	2019	2017
District's proportion (percentage) of the collective net pension liability	0.075391	0.074891	0.0769911	0.079028	0.130520
District's proportionate share of the collective OPEB liability	\$ 615,618	\$ 648,026	\$ 731,589	\$ 826,094	\$ 1,071,797
Payroll	\$ 8,227,145	\$ 7,168,340	\$ 7,119,727	\$ 7,105,920	\$ 6,662,724
District's proportionate share of the net pension liability as a percentage of its payroll	7%	9%	10%	12%	16%
Plan fiduciary net pension as a percentage of the total pension liability	38.57%	39.40%	32.78%	24.48%	23.00%
					14.94%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Lamar School District RE-2**  
**Schedule of Contributions and Related Ratios**  
**For the Year Ended June 30, 2023**

	for the years ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutory required contributions	\$ 1,661,825	\$ 1,429,065	\$ 1,397,615	\$ 1,368,385	\$ 1,276,563	\$ 1,284,280	\$ 1,203,614	\$ 1,208,402	\$ 1,143,729	\$ 1,072,694
Contributions in relation to the statutorily required contribution	1,661,825	1,429,065	1,397,615	1,368,385	1,276,563	1,284,280	1,203,614	1,208,402	1,143,729	1,072,694
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 8,227,145	\$ 7,168,340	\$ 7,119,727	\$ 7,105,920	\$ 6,662,724	\$ 6,638,799	\$ 7,029,134	\$ 6,703,048	\$ 6,389,839	\$ 6,310,389
Contribution as a percentage of payroll	20.20%	19.94%	19.63%	19.26%	19.16%	19.35%	17.12%	18.03%	17.90%	17.00%

GASB Statement No. 68 requires ten years of information to be presented in this table.

**Lamar School District RE-2**  
**Schedule of Contributions and Related Ratios OPEB**  
**For the Year Ended June 30, 2023**

	for the years ended December 31,					
	2022	2021	2020	2019	2018	2017
Statutory required contributions	\$ 83,916	\$ 73,116	\$ 72,620	\$ 72,480	\$ 67,960	\$ 67,716
Contributions in relation to the statutorily required contribution	83,916	73,116	72,620	72,480	67,960	67,716
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 8,227,145	\$ 7,168,340	\$ 7,119,727	\$ 7,105,920	\$ 6,662,724	\$ 6,638,799
Contribution as a percentage of payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Lamar School District RE-2  
Balance Sheet  
Other Governmental Funds  
June 30, 2023**

	Food Service	Interscholastic Athletics	Middle School Activity	High School Activity	Public School	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 280,218	\$ 112,704	\$ 29,666	\$ 94,756	\$ 36,632	\$ 553,976
Other receivables	64,433	-	-	-	-	64,433
Inventories	6,317	-	-	-	-	6,317
Total assets	<u>350,968</u>	<u>112,704</u>	<u>29,666</u>	<u>94,756</u>	<u>36,632</u>	<u>624,726</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:						
Accounts payable	14,482	-	-	-	-	14,482
Total liabilities	<u>14,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,482</u>
Fund balances:						
Non-spendable-inventories	6,317	-	-	-	-	6,317
Assigned	330,169	112,704	29,666	94,756	36,632	603,927
Total fund balances	<u>336,486</u>	<u>112,704</u>	<u>29,666</u>	<u>94,756</u>	<u>36,632</u>	<u>610,244</u>
Total liabilities and fund balances	<u>\$ 350,968</u>	<u>\$ 112,704</u>	<u>\$ 29,666</u>	<u>\$ 94,756</u>	<u>\$ 36,632</u>	<u>\$ 624,726</u>

**Lamar School District RE-2**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

**For the Year Ended June 30, 2023**

	Food Service	Interscholastic Athletics	Middle School Activity	High School Activity	Public School	Total-Other Governmental Funds
<b>REVENUES</b>						
Student Activities	-	\$ 104,864	\$ 41,520	\$ 185,689	\$ 63,421	\$ 395,494
Intergovernmental	705,659	-	-	-	-	705,659
Charges for services	43,418	-	-	-	-	43,418
Investment earnings	1,499	-	-	-	-	1,499
Miscellaneous	61,989	-	-	-	-	61,989
Total revenues	<u>812,565</u>	<u>104,864</u>	<u>41,520</u>	<u>185,689</u>	<u>63,421</u>	<u>1,208,059</u>
<b>EXPENDITURES</b>						
Support Services:						
Food Services	769,607	-	-	-	-	769,607
Noninstructional Services:						
Athletic & Activity Programs	-	278,545	45,230	166,120	62,463	552,358
Capital Outlay	142,703	-	-	-	-	142,703
Total Expenditures	<u>912,310</u>	<u>278,545</u>	<u>45,230</u>	<u>166,120</u>	<u>62,463</u>	<u>1,464,668</u>
Excess (deficiency) of revenues over expenditures	<u>(99,745)</u>	<u>(173,681)</u>	<u>(3,710)</u>	<u>19,569</u>	<u>958</u>	<u>(256,609)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	180,000	20,000	-	-	200,000
Total other financing sources and uses	<u>-</u>	<u>180,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>SPECIAL ITEM</b>						
Net change in fund balances	(99,745)	6,319	16,290	19,569	958	(56,609)
Fund balances - beginning	436,231	106,385	13,376	75,187	35,674	666,853
Fund balances - ending	<u>\$ 336,486</u>	<u>\$ 112,704</u>	<u>\$ 29,666</u>	<u>\$ 94,756</u>	<u>\$ 36,632</u>	<u>\$ 610,244</u>

**Lamar School District RE-2  
Budget and Actual  
Capital Projects  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Investment earnings	\$ 25,000	\$ 40,000	\$ 117,228
Miscellaneous	10,000	10,000	-
Total revenues	<u>35,000</u>	<u>50,000</u>	<u>117,228</u>
<b>EXPENDITURES</b>			
Support Services:			
District wide Costs	65,000	65,000	53,046
Minor Equipment and repairs	1,485,000	435,000	73,884
Capital Outlay	2,500,000	3,600,000	257,523
Total Expenditures	<u>4,050,000</u>	<u>4,100,000</u>	<u>384,453</u>
Excess (deficiency) of revenues over expenditures	<u>(4,015,000)</u>	<u>(4,050,000)</u>	<u>(267,225)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,500,000	1,500,000	1,500,000
Total other financing sources and uses	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Net change in fund balances	(2,515,000)	(2,550,000)	1,232,775
Fund balances - beginning	3,000,000	3,105,342	3,105,342
Fund balances - ending	<u>\$ 485,000</u>	<u>\$ 555,342</u>	<u>\$ 4,338,117</u>

**Lamar School District RE-2  
Budget and Actual  
Food Service  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 616,990	\$ 643,255	\$ 705,659
Charges for services	66,670	66,670	43,418
Investment earnings	400	400	1,499
Miscellaneous	41,960	41,960	61,989
Total revenues	<u>726,020</u>	<u>752,285</u>	<u>812,565</u>
<b>EXPENDITURES</b>			
Support Services:			
Centralized Services	709,224	711,924	769,607
Contingency	125,000	150,000	-
Capital Outlay	-	139,860	142,703
Total Expenditures	<u>834,224</u>	<u>1,001,784</u>	<u>912,310</u>
Excess (deficiency) of revenues over expenditures	<u>(108,204)</u>	<u>(249,499)</u>	<u>(99,745)</u>
Net change in fund balances	(108,204)	(249,499)	(99,745)
Fund balances - beginning	242,604	436,231	436,231
Fund balances - ending	<u>\$ 134,400</u>	<u>\$ 186,732</u>	<u>\$ 336,486</u>

**Lamar School District RE-2  
Budget and Actual  
Interscholastic Athletics  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Student activities	\$ 207,200	\$ 229,825	\$ 104,864
Total revenues	<u>207,200</u>	<u>229,825</u>	<u>104,864</u>
<b>EXPENDITURES</b>			
Noninstructional Services:			
Athletic & Activity Programs	<u>357,200</u>	<u>386,210</u>	<u>278,545</u>
Total Expenditures	<u>357,200</u>	<u>386,210</u>	<u>278,545</u>
Excess (deficiency) of revenues over expenditures	<u>(150,000)</u>	<u>(156,385)</u>	<u>(173,681)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>180,000</u>
Total other financing sources and uses	<u>50,000</u>	<u>50,000</u>	<u>180,000</u>
Net change in fund balances	(100,000)	(106,385)	6,319
Fund balances - beginning	<u>100,000</u>	<u>106,385</u>	<u>106,385</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,704</u>

**Lamar School District RE-2  
Budget and Actual  
Middle School Activity  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Student activities	\$ 55,600	\$ 40,730	\$ 41,520
Total revenues	<u>55,600</u>	<u>40,730</u>	<u>41,520</u>
<b>EXPENDITURES</b>			
Noninstructional Services:			
Athletic & Activity Programs	<u>80,370</u>	<u>74,106</u>	<u>45,230</u>
Total Expenditures	<u>80,370</u>	<u>74,106</u>	<u>45,230</u>
Excess (deficiency) of revenues over expenditures	<u>(24,770)</u>	<u>(33,376)</u>	<u>(3,710)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total other financing sources and uses	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Net change in fund balances	(4,770)	(13,376)	16,290
Fund balances - beginning	<u>4,770</u>	<u>13,376</u>	<u>13,376</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,666</u>

**Lamar School District RE-2  
Budget and Actual  
High School Activity  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Student activities	\$ 305,770	\$ 305,870	\$ 185,689
Total revenues	<u>305,770</u>	<u>305,870</u>	<u>185,689</u>
<b>EXPENDITURES</b>			
Noninstructional Services:			
Athletic & Activity Programs	394,619	387,058	166,120
Total Expenditures	<u>394,619</u>	<u>387,058</u>	<u>166,120</u>
Excess (deficiency) of revenues over expenditures	<u>(88,849)</u>	<u>(81,188)</u>	<u>19,569</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,000	6,000	-
Total other financing sources and uses	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balances	(82,849)	(75,188)	19,569
Fund balances - beginning	82,849	75,188	75,187
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,756</u>

**Lamar School District RE-2  
Budget and Actual  
Public School  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Student activities	\$ 73,125	\$ 76,125	\$ 63,421
Total revenues	<u>73,125</u>	<u>76,125</u>	<u>63,421</u>
<b>EXPENDITURES</b>			
Noninstructional Services:			
Athletics & Activity Programs	<u>102,235</u>	<u>111,800</u>	<u>62,463</u>
Total Expenditures	<u>102,235</u>	<u>111,800</u>	<u>62,463</u>
Excess (deficiency) of revenues over expenditures	<u>(29,110)</u>	<u>(35,675)</u>	<u>958</u>
Net change in fund balances	(29,110)	(35,675)	958
Fund balances - beginning	29,110	35,675	35,674
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,632</u>

**Lamar School District RE-2  
Budget and Actual  
Debt Service  
For the year ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ 326,820	\$ 326,820	\$ 328,357
Investment earnings	1,680	1,700	3,233
Total revenues	<u>328,500</u>	<u>328,520</u>	<u>331,590</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal	141,434	141,434	141,434
Interest and other charges	125,816	125,635	125,635
Contingency	50,000	60,000	-
Total Expenditures	<u>317,250</u>	<u>327,069</u>	<u>267,069</u>
Excess (deficiency) of revenues over expenditures	<u>11,250</u>	<u>1,451</u>	<u>64,521</u>
Net change in fund balances	11,250	1,451	64,521
Fund balances - beginning	401,853	475,958	475,958
Fund balances - ending	<u>\$ 413,103</u>	<u>\$ 477,409</u>	<u>\$ 540,479</u>



**Colorado Department of Education**

**Auditors Integrity Report**

District: 2660 - Lamar Re-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
<b>Governmental</b>						
10 General Fund	9,816,502		13,627,153	11,508,282		11,935,373
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	41,488		563,057	493,313		111,233
<b>Sub-Total</b>	<b>9,857,991</b>		<b>14,190,210</b>	<b>12,001,595</b>		<b>12,046,606</b>
11 Charter School Fund	885,864		1,388,502	1,239,107		1,035,259
20,26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const., Tech, Maint Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	436,231		812,565	912,310		336,486
22 Govt Designated-Purpose Grants Fund	0		2,940,325	2,940,324		0
23 Pupil Activity Special Revenue Fund	230,624		595,494	552,359		273,760
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	475,958		331,590	367,069		540,480
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	3,105,342		1,617,228	384,453		4,338,117
46 Supplemental Cap Const., Tech, Maint Fund	0		0	0		0
<b>Totals</b>	<b>14,992,011</b>		<b>21,875,915</b>	<b>18,297,216</b>		<b>18,570,709</b>
<b>Proprietary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Fiduciary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>

FINAL

**Lamar School District RE-2  
Schedule of Expenditure of Federal Awards  
For the Year Ended June 30, 2023**

<u>GRANT TITLE</u>	<u>GRANT CODE</u>	<u>FEDERAL ALN</u>	<u>AMOUNT OF AWARD EXPENDED</u>	
<b>DEPARTMENT OF AGRICULTURE:</b>				
National School Lunch Program Cluster				
Summer Food Service Program	4559	10.559	\$ 18,719	
Seamless Summer Option Breakfast	5553	10.553	170,270	
National School Lunch Program	4555	10.555	379,115	
Child and Adult Care Food Program	4558	10.558	32,899	
Supply Chain Assistance	6555	10.555	40,760	
Commodities Received	4555	10.555	<u>25,901</u>	
Cluster Total				667,664
State Reimbursement-FFVP	4582	10.582	<u>28,501</u>	28,501
<b>DEPARTMENT OF EDUCATION/ COLORADO DEPARTMENT OF EDUCATION:</b>				
Title II Part A	4367	84.367	85,937	
Title IV Student Support	4424	84.424	45,227	
Migrant Grant	4011	84.011	17,925	
Title I Esser III-ARP	4414	84.425U	2,101,500	
Title V-B, Rural and Low Income Schools	6358	84.358B	31,904	
Title I	4010	84.010	<u>497,473</u>	2,779,966
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
The School Work Nurse Force	7354	93.354	134,017	
Epidemiology & Lab Capacity for Infectious Disease (ELC) CDPHE	7323	93.323	<u>818</u>	134,835
<b>STATE COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION SYSTEM</b>				
Carl Perkins Grant	4048	84.048	<u>25,523</u>	<u>25,523</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>				<u><u>\$3,636,489</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lamar School District RE-2 and is presented on the modified accrual basis of accounting.

Lamar School District RE-2 also received non-cash commodities of \$125,901 which is valued at amounts determined by the Colorado Department of Education and USDA.

Lamar School District RE-2 does not use the 10% de minimis cost rate.

Lamar School District RE-2 did not have any sub-recipients for 2022-23.



*Independent Auditor's Report*

Board of Education  
Lamar School District RE-2

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamar School District RE-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, and have issued our report thereon dated November 1, 2023.

***Report on Internal Control over Financial Reporting***

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

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

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

### ***Report on Compliance and Other Matters***

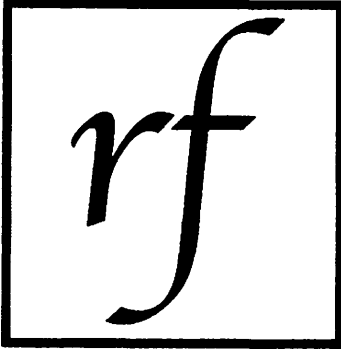
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### **Purpose of this Report**

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

*rfarmer, llc*

November 1, 2023



Board of Education  
Lamar School District RE-2

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Lamar School District RE-2's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lamar School District RE-2's major federal programs for the year ended June 30, 2023. Lamar School District RE-2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lamar School District RE-2 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lamar School District RE-2 and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lamar School District RE-2's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lamar School District RE-2's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lamar School District RE-2's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lamar School District RE-2's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Lamar School District RE-2's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lamar School District RE-2's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lamar School District RE-2's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*rfarmer, llc*

November 1, 2023

**Lamar School District RE-2  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2023**

**Section I: Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No

***Federal Awards***

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>X</u> No
Identification of major federal programs:		
Assistance Listing Number(s)	84.425U	Name of Federal Program or Cluster
		Title I Esser III - ARP
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	<u>X</u> Yes	___ No

**Section II: Financial Statement Findings**

There are no findings to report.

**Section III: Federal Awards Findings**

There are no findings to report.