

cPa DIXON, WALLER & CO., INC.

OTERO COUNTY SCHOOL

DISTRICT NUMBER 3J

MANZANOLA, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2023

DIXON, WALLER & CO., INC.

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DISTRICT NUMBER 3J

FINANCIAL STATEMENTS

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OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
ROSTER OF SCHOOL OFFICIALS
June 30, 2023

BOARD OF EDUCATION

| | |
|-----------------|----------------|
| Andrew Williams | President |
| Damon Carroll | Vice-President |
| Jeremy Horn | Secretary |
| Luke James | Treasurer |
| Nick Behm | Member |

SCHOOL OFFICIALS

| | |
|------------|----------------|
| David Judd | Superintendent |
|------------|----------------|

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Otero County School District Number 3J
Manzanola, Colorado 81058

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Otero County School District Number 3J, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Otero County School District Number 3J's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Otero County School District Number 3J, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Otero County School District Number 3J, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Otero County School District Number 3J's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Otero County School District Number 3J'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 Otero County School District Number 3J's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Otero County School District Number 3J's basic financial statements. The accompanying combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and state required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



November 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Otero County, Colorado, School District Number 3J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

This section of the Otero County, Colorado, School District Number 3J's annual financial report offers readers of the District's financial statements a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Financial Highlights

- Program specific revenues in the form of Charges for Services, Operating Grants and Contributions as well as Capital Grants and Contributions accounted for \$1,987,106 or approximately 40% of total revenues of \$4,908,465.
- Among major funds, the general fund had \$3,835,693 in revenues and \$ 3,156,289 in expenditures. The general fund's fund balance increased from \$2,299,822 to \$2,883,347.
- Enrollment of the District maintained a full-time equivalent (FTE) of 164 students.
- Outlays for capital assets primarily consisted of computers and related equipment. See the Capital Assets section of this management's discussion and analysis for more information.

Overview of the Financial Statements

- This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.
- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

Table 1
Organization of Otero County, Colorado, Number 3J School District's Annual Financial Report

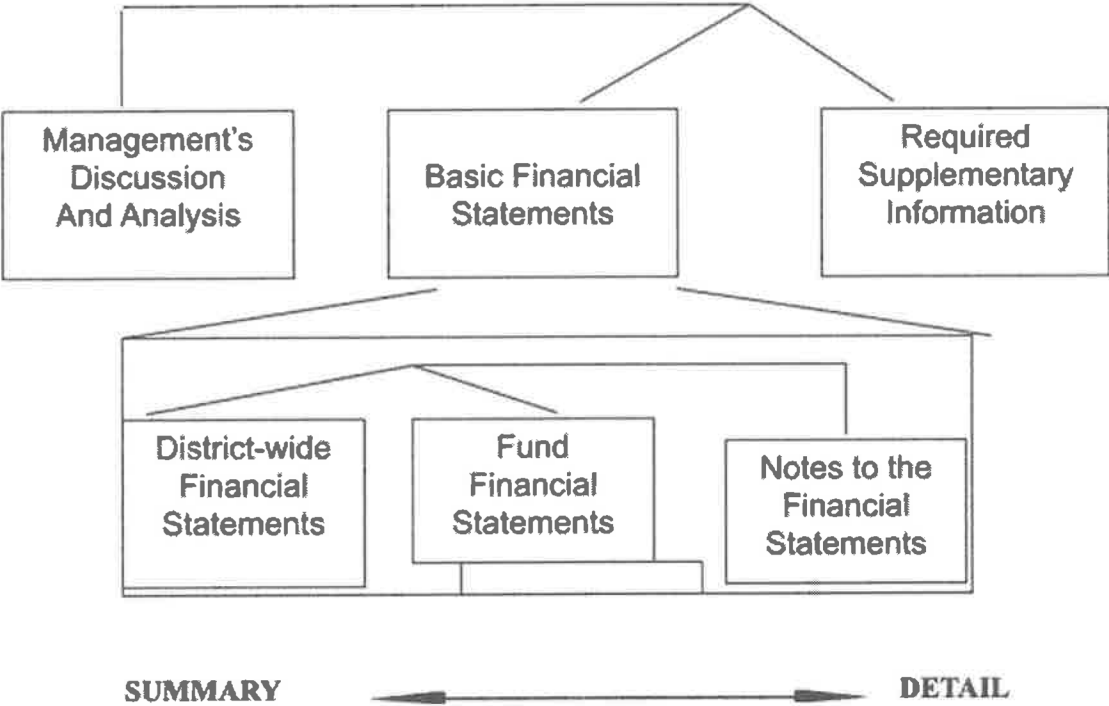


Table 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, district wide and fund, found in the basic financial statements.

Table 2
Major Features of the District-Wide and Fund Financial Statements

| | District-wide Statements | Fund Financial Statements | |
|---|---|--|---|
| | | Governmental Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not fiduciary, such as special education and building maintenance. | Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies. |
| Required Financial Statements | Statement of net position; and Statement of Activities | Balance Sheet; and Statement of Revenues, Expenditures and Changes in Fund Balances | Statement of Fiduciary Net Position; and Statement of Changes in Fiduciary Net Position |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of Asset/Liability Information | All assets and liabilities, both financial and capital, short-term and long-term. | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included. | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can. |
| Type of inflow/ outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year, regardless of when cash is received or paid |

District-wide Statements

The district-wide statements are designed to provide readers a broad overview of Otero County, Colorado, School District Number 3J's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The district-wide financial statements are designed to provide readers a broad overview of Otero County, Colorado School District Number 3J's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Otero County, Colorado, School District Number 3J is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of school building and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, maintenance and operations, and administration.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and bond covenants. Other funds control and manage money for particular purposes (such as federal grants). The District's funds are divided into two categories: governmental funds and fiduciary funds.

- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine

financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

Otero County, Colorado, School District Number 3J maintains a governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for this fund. Included in the required supplementary information section is budget-to-actual information for this fund.

- **Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

The District currently has one fiduciary fund, the club activity fund. The fund is used to account for student club activities.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes the budgetary comparison schedule for each of the major governmental funds showing original and final budgeted amounts compared to actual amounts

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The actual expenditures were \$2,342,308.87 below budget, primarily because the District budgeted \$2,148,683 from fund balance for unplanned expenditures (contingency).

The fund balance as of June 30, 2023 (budgetary basis) was \$2,874,183, compared to \$2,218,944.13 as of June 30, 2022. 2022 includes \$413,000 for TABOR Amendment emergency reserves.

Net Position and Changes in Net Position

The District's combined net position was higher on June 30, 2023, than they were the year before increasing to \$30,948,244. Below are condensed schedules reflecting the districts' financial activity for the year.

Table 1

| | Net Position | |
|----------------------------------|--------------------------------|-----------------------------|
| | Governmental Activities | |
| | FY 23 | FY 22 |
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Current and Other Assets | 3,393,357 | 4,511,589 |
| Capital Assets | <u>31,237,497</u> | <u>31,394,591</u> |
| Total Assets | <u>34,630,854</u> | <u>35,906,180</u> |
| | | |
| Deferred Outflows | <u>891,963</u> | <u>854,952</u> |
| | | |
| LIABILITIES | | |
| Current and Other Liabilities | 457,024 | 1,962,172 |
| Long Term Liabilities | <u>3,644,480</u> | <u>2,668,368</u> |
| Total Liabilities | <u>4,101,504</u> | <u>4,630,540</u> |
| | | |
| Deferred Inflows | <u>473,069</u> | <u>1,312,004</u> |
| | | |
| NET POSITION | | |
| Net Investment in Capital Assets | 31,237,497 | 31,394,591 |
| Restricted for: | | |
| Tabor Reserve | 129,000 | 419,000 |
| Capital Outlay | - | 200,000 |
| Food Service | 44,793 | 42,583 |
| Unrestricted | <u>(463,046)</u> | <u>(1,237,586)</u> |
| | <u>30,948,244</u> | <u>30,818,588</u> |

Table 2:

| | Changes in Net Position Governmental Activities | |
|--|--|-------------------|
| | FY 23 | FY 22 |
| Revenues | | |
| Charges for Services | 105,337 | 106,241 |
| Operating Grants and Contributions | 1,027,794 | 924,015 |
| Capital Grants and Contributions | 853,975 | 10,909,181 |
| Property taxes | 267,117 | 256,747 |
| Specific Ownership Taxes | 50,038 | 49,209 |
| Equalization | 2,493,069 | 2,306,603 |
| Earnings on investments | 33,287 | 7,205 |
| Other Revenues | 77,848 | 80,578 |
| TOTAL REVENUES | 4,908,465 | 14,639,779 |
| Expenses | | |
| Instructional services | 2,715,732 | 1,535,886 |
| Students | 396,924 | 214,217 |
| Instructional staff | 108,730 | 134,867 |
| District administration | 246,833 | 263,727 |
| School administration | 153,071 | 158,899 |
| Business | 23,513 | 622 |
| Operation and maintenance of facilities | 442,466 | 319,782 |
| Transportation | 64,631 | 19,106 |
| Central Support | 207,961 | 193,205 |
| Other Support | 29,741 | 31,127 |
| Community Services | 2,879 | 85,447 |
| Facility | 37,461 | 197,887 |
| Food Service | 167,822 | 143,036 |
| Pension and OPEB Changes | 100,166 | (910,025) |
| TOTAL EXPENSES | 4,697,930 | 2,387,783 |
| Increase (Decrease in Net Position) | 210,535 | 12,251,996 |

| Governmental Activities by Major Function | Total Cost of Service | | Net Cost of Service | |
|---|-----------------------|------------------|---------------------|------------------|
| | FY 23 | FY 22 | FY 23 | FY 22 |
| Instructional services | 2,715,732 | 1,535,886 | (1,820,844) | (745,266) |
| Students | 396,924 | 214,217 | (301,283) | (118,993) |
| Instructional staff | 108,730 | 134,867 | (108,730) | (134,867) |
| District administration | 246,833 | 263,727 | (246,833) | (263,727) |
| School administration | 153,071 | 158,899 | (153,071) | (158,899) |
| Business | 23,513 | 622 | (23,513) | (622) |
| Operation and maintenance of facilities | 442,466 | 319,782 | (436,466) | (313,282) |
| Transportation | 64,631 | 19,106 | (50,445) | (11,883) |
| Central Support | 207,961 | 193,205 | (207,961) | (193,205) |
| Other Support | 29,741 | 31,127 | (29,741) | (31,127) |
| Community Services | 2,879 | 85,447 | (2,879) | (85,447) |
| Facility | 37,461 | 197,887 | (37,461) | (197,887) |
| Food Service | 167,822 | 143,036 | (45,406) | (12,347) |
| Capital Outlay | - | - | 853,975 | 10,909,181 |
| Pension and OPEB Changes | 100,166 | (910,025) | (100,166) | 910,025 |
| Total | <u>4,697,930</u> | <u>2,387,783</u> | <u>(2,710,824)</u> | <u>9,551,654</u> |

Condensed Statement of Net Position

The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Otero County, Colorado, School District Number 3J is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$16,646.06 per funded student. Funding for the School Finance Act comes from property taxes, specific ownership tax, and state equalization. The District receives approximately 65 percent of this funding from state equalization while the remaining amounts come from property tax and specific ownership tax, earnings on investments, other revenues and federal funds.

The governmental funds monitor cash resources and expenditures. No capitalized capital was incurred within the funds during the fiscal year. Capitalized capital expenditures are not considered an expense on the district-wide statement of activities. Rather, these costs are expensed over time as depreciation expense.

| Capital Assets (Net of Depreciation) | Governmental <u>2022-2023</u> | Governmental <u>2021-2022</u> |
|---|--|--|
| Land & Sites | 26,840 | 26,840 |
| Buildings & Improvements | 30,255,383 | 1,277,036 |
| Equipment & Vehicles | 745,898 | 150,435 |
| Food Service | 209,376 | - |
| Construction in Progress | - | 29,940,280 |
| Total Capital Assets | <u>31,237,497</u> | <u>31,394,591</u> |

Financial Analysis of District's Funds

The strong financial position of the District as a whole is reflected in its governmental funds.

The general fund revenues (including transfers) did exceed expenses, so there was an increase in fund balance.

The General Fund Budgetary Highlights section of this analysis details the components of the general fund's fund balance.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the general fund anticipated that expenditures would not exceed revenues for fiscal year 2022-2023. The actual results for the year resulted in an increase of \$574,361.00 in fund balance changing the ending fund balance to 2,874,183.58.

- Actual revenues were \$386,517.50 lower than anticipated.
 - The actual expenditures were \$575,274.90 lower than budget.
 - The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). As of June 30, 2023, the District's TABOR reserve amounted to \$419,000.
 - The District does not have multiple year contracts.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal year 2023, the District had invested capitalized capital assets, including a completed construction project.

The district's long-term debt consists of accumulated unpaid sick leave as of June 30, 2023. Sick leave can be accumulated up to a maximum of 75 days. Sick leave is paid at 50% of substitute teacher pay if resignation is received prior to July 1 of the upcoming school year or upon retirement.

Factors bearing on the District's Future

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

- Early projections for the fall of 2023 show District enrollment will likely have growth.
- The State of Colorado has experienced inflation, which has a direct impact on the state's general fund revenues. The district is receiving record amounts of per pupil funding.
- The Federal programs ESSER, ESSER II, and ESSER III are ending.
- The State issues report cards for every public school in the state. The report card gives each school a performance grade based on the PARCC Assessment tests given to all students in third through tenth grade.
- The assessed valuation for the district was \$1,231,451 for the 2023 year compared to \$1,113,482 for the 2022 year. This was an increase of \$117,969.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Business Services, Otero County, Colorado, School District Number 3J, Erica Carroll, Business Manager, 32475 County Road 11.5, Manzanola, Colorado 81058.

BASIC FINANCIAL STATEMENTS

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
STATEMENT OF NET POSITION
June 30, 2023

| | Governmental Activities | Total |
|---|----------------------------|-----------------------|
| <u>ASSETS</u> | | |
| Cash and Investments | 2,534,978 | 2,534,978 |
| Accounts Receivable | 4,252 | 4,252 |
| Receivables – Other | - | - |
| Grants Receivable | 568,003 | 568,003 |
| Property Taxes Receivable | 13,500 | 13,500 |
| Inventories | 3,517 | 3,517 |
| Prepaid Assets | 269,107 | 269,107 |
| Capital Assets | 36,104,644 | 36,104,644 |
| Accumulated Depreciation | <u>(4,867,147)</u> | <u>(4,867,147)</u> |
| <u>Total Assets</u> | <u>34,630,854</u> | <u>34,630,854</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | |
| Pension | 862,678 | 862,678 |
| Other Post Employment Benefits | <u>29,285</u> | <u>29,285</u> |
| <u>Total Deferred Outflow of Resources</u> | <u>891,963</u> | <u>891,963</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 87,823 | 87,823 |
| Accrued Salaries | 251,913 | 251,913 |
| Compensated Absences | 39,875 | 39,875 |
| Unearned Revenue | 77,413 | 77,413 |
| Net Pension Obligation | 3,524,362 | 3,524,362 |
| Net Other Post Employment Benefits Obligation | <u>120,118</u> | <u>120,118</u> |
| <u>Total Liabilities</u> | <u>4,101,504</u> | <u>4,101,504</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | |
| Pension | 430,491 | 430,491 |
| Other Post Employment Benefits | <u>42,578</u> | <u>42,578</u> |
| <u>Total Deferred Inflow of Resources</u> | <u>473,069</u> | <u>473,069</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 31,237,497 | 31,237,497 |
| Restricted for: | | |
| TABOR Reserve | 129,000 | 129,000 |
| Capital Outlay | - | - |
| Food Service | 44,793 | 44,793 |
| Unrestricted | <u>(463,046)</u> | <u>(463,046)</u> |
| <u>TOTAL NET POSITION (as Restated)</u> | <u>30,948,244</u> | <u>30,948,244</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

| FUNCTIONS/PROGRAMS | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | |
|--|------------------|----------------------|----------------------------------|-------------------------|--|--------------------|
| | Expenses | Charges for Services | Operating Grants & Contributions | | Primary Government | |
| | | | Capital Grants and Contributions | Governmental Activities | Total | |
| Instructional Services | 2,715,732 | - | 894,888 | - | (1,820,844) | (1,820,844) |
| Supporting Services: | | | | | | |
| Students | 396,924 | 95,641 | - | - | (301,283) | (301,283) |
| Instructional Staff | 108,730 | - | - | - | (108,730) | (108,730) |
| District Administration | 246,833 | - | - | - | (246,833) | (246,833) |
| School Administration | 153,071 | - | - | - | (153,071) | (153,071) |
| Business | 23,513 | - | - | - | (23,513) | (23,513) |
| Operation & Maintenance of Facilities | 442,466 | 6,000 | - | - | (436,466) | (436,466) |
| Transportation | 64,631 | - | 14,186 | - | (50,445) | (50,445) |
| Central | 207,961 | - | - | - | (207,961) | (207,961) |
| Other Support | 29,741 | - | - | - | (29,741) | (29,741) |
| Community Services | 2,879 | - | - | - | (2,879) | (2,879) |
| Facility | 37,461 | - | - | - | (37,461) | (37,461) |
| Food Service | 167,822 | 3,696 | 118,720 | 853,975 | (45,406) | (45,406) |
| Capital Outlay | - | - | - | - | 853,975 | 853,975 |
| Net Pension Change | 116,747 | - | - | - | (116,747) | (116,747) |
| Net OPEB Change | (16,581) | - | - | - | 16,581 | 16,581 |
| Total Governmental Activities | <u>4,697,930</u> | <u>105,337</u> | <u>1,027,794</u> | <u>853,975</u> | <u>(2,710,824)</u> | <u>(2,710,824)</u> |
| Total School District | <u>4,697,930</u> | <u>105,337</u> | <u>1,027,794</u> | <u>853,975</u> | <u>(2,710,824)</u> | <u>(2,710,824)</u> |
| | | | | | | |
| <u>General Revenues</u> | | | | | | |
| Property Taxes Levied for General Purposes | | | | | 267,117 | 267,117 |
| Specific Ownership Taxes | | | | | 50,038 | 50,038 |
| Equalization | | | | | 2,493,069 | 2,493,069 |
| Earnings on Investments | | | | | 33,287 | 33,287 |
| Other Revenues | | | | | 77,848 | 77,848 |
| Total General Revenues & Transfers | | | | | <u>2,921,359</u> | <u>2,921,359</u> |
| Change in Net Position | | | | | 210,535 | 210,535 |
| Net Position, Beginning | | | | | 30,818,588 | 30,818,588 |
| Prior Period Correction | | | | | (80,879) | (80,879) |
| Net Position, Ending | | | | | <u>30,948,244</u> | <u>30,948,244</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

| | <u>General Fund</u> | <u>Building Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|--------------------------|---|---|
| <u>ASSETS</u> | | | | |
| Cash and Investments | 2,437,470 | - | 97,508 | 2,534,978 |
| Accounts Receivable | 4,252 | - | - | 4,252 |
| Grants Receivable | 556,558 | - | 11,445 | 568,003 |
| Due From Other Funds | 16,527 | - | - | 16,527 |
| Property Taxes Receivable | 13,500 | - | - | 13,500 |
| Prepaid Assets | 269,107 | - | - | 269,107 |
| Inventories | - | - | 3,517 | 3,517 |
| <u>Total Assets</u> | <u>3,297,414</u> | <u>-</u> | <u>112,470</u> | <u>3,409,884</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | 77,730 | - | 10,093 | 87,823 |
| Accrued Salaries | 248,424 | - | 3,489 | 251,913 |
| Due To Other Funds | - | - | 16,527 | 16,527 |
| Unearned Revenue | 77,413 | - | - | 77,413 |
| <u>Total Liabilities</u> | <u>403,567</u> | <u>-</u> | <u>30,109</u> | <u>433,676</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | | | |
| Deferred Property Taxes | 10,500 | - | - | 10,500 |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable: | | | | |
| Inventories | - | - | 3,517 | 3,517 |
| Prepays | 269,107 | - | - | 269,107 |
| Restricted for: | | | | |
| Emergencies | 129,000 | - | - | 129,000 |
| Capital Outlay | - | - | - | - |
| Food Service | - | - | 34,051 | 34,051 |
| Assigned for: | | | | |
| Student Activities | - | - | 44,793 | 44,793 |
| Unassigned | 2,485,240 | - | - | 2,485,240 |
| <u>Total Fund Balances</u> | <u>2,883,347</u> | <u>-</u> | <u>82,361</u> | <u>2,965,708</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | | | | |
| | <u>3,297,414</u> | <u>-</u> | <u>112,470</u> | <u>3,409,884</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2023

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

| | |
|---|-----------------------|
| <u>Total Fund Balance – Governmental Funds</u> | 2,965,708 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$36,104,644 and the accumulated depreciation is \$4,867,147. | 31,237,497 |
| Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available. | 10,500 |
| Compensated absences are not reported as a liability in the funds. | (39,875) |
| Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level. | |
| Net Pension Liability | (3,524,362) |
| Net Other Post Employment Benefits Liability | (120,118) |
| Deferred Outflows | 891,963 |
| Deferred Inflows | <u>(473,069)</u> |
| <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u> | <u>30,948,244</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|------------------|------------------|--------------------------------|--------------------------------|
| <u>REVENUES</u> | | | | |
| Property Taxes | 266,817 | - | - | 266,817 |
| Specific Ownership Taxes | 50,038 | - | - | 50,038 |
| Earnings on Investments | 32,847 | - | 440 | 33,287 |
| Other Local Sources | 161,419 | - | 99,337 | 260,756 |
| State Aid | 2,842,754 | 853,975 | 504 | 3,697,233 |
| Federal Aid | 481,818 | - | 118,216 | 600,034 |
| <u>Total Revenues</u> | <u>3,835,693</u> | <u>853,975</u> | <u>218,497</u> | <u>4,908,165</u> |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Instructional Services | 1,514,831 | - | - | 1,514,831 |
| Supporting Services: | | | | |
| Students | 308,631 | - | 88,293 | 396,924 |
| Instructional Staff | 108,730 | - | - | 108,730 |
| District Administration | 246,482 | - | - | 246,482 |
| School Administration | 153,071 | - | - | 153,071 |
| Business | 23,513 | - | - | 23,513 |
| Operation & Maintenance of Facilities | 481,297 | - | - | 481,297 |
| Transportation | 41,692 | - | - | 41,692 |
| Central | 207,961 | - | - | 207,961 |
| Other Support | 29,741 | - | - | 29,741 |
| Community Service | 2,879 | - | - | 2,879 |
| Facility | 37,461 | - | - | 37,461 |
| Food Service | - | - | 144,558 | 144,558 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Capital Outlay | - | 1,053,975 | - | 1,053,975 |
| <u>Total Expenditures</u> | <u>3,156,289</u> | <u>1,053,975</u> | <u>232,851</u> | <u>4,443,115</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u> | | | | |
| | 679,404 | (200,000) | (14,354) | 465,050 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers | (15,000) | - | 15,000 | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>(15,000)</u> | <u>-</u> | <u>15,000</u> | <u>-</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | | | | |
| | 664,404 | (200,000) | 646 | 465,050 |
| <u>FUND BALANCES – Beginning</u> | | | | |
| | 2,299,822 | 200,000 | 81,715 | 2,581,537 |
| <u>PRIOR PERIOD CORRECTION</u> | | | | |
| | (80,879) | - | - | (80,879) |
| <u>FUND BALANCES – Ending</u> | | | | |
| | <u>2,883,347</u> | <u>-</u> | <u>82,361</u> | <u>2,965,708</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2023

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

| | |
|---|----------------|
| <u>Net Change in Fund Balances – Total Governmental Funds</u> | 465,050 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p> | |
| Capital Outlays More Than \$5,000 | 1,107,547 |
| Depreciation Expense | (1,264,641) |
| | (157,094) |
| <p>Property tax revenues received prior to the year for which the are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenue in the statement of activities. Deferred property tax revenues increased this year.</p> | |
| | 300 |
| <p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount.</p> | |
| | 2,445 |
| <p>The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level.</p> | |
| Pension Cost | (116,747) |
| Other Post Employment Benefits | <u>16,581</u> |
| | (100,166) |
| <u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u> | <u>210,535</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Otero County School District Number 3J (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Otero County School District Number 3J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. Fund Accounting

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

- Major Governmental Funds
 1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
 2. Building Fund – this fund accounts for the acquisition of sites, buildings, equipment and vehicles.

E. Cash and Investments

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

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

G. Inventories

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

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

H. Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long Term Obligations

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

J. Constitutional Amendment

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

On November 7, 1995 voters approved a ballot question which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 2000-01 budget year and each subsequent year from any source, notwithstanding the limitations of Article x, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2023, the District reserved \$129,000 for this purpose.

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes

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

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

L. Accumulated Sick and Vacation Leave

Compensated absences are made up of accumulated sick and vacation leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2023, the District has recorded an estimated liability of \$39,875 relating to accrued sick and vacation leave payable.

A summary of changes in compensated absences is as follows:

| | <u>Balance</u> <u>July 1, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2023</u> |
|--------------------------------------|---------------------------------------|------------------|------------------|--|
| Accumulated Sick and Vacation Leave: | | | | |
| Governmental Activities | <u>42,320</u> | <u>—</u> | <u>2,445</u> | <u>39,875</u> |

M. Use of Estimates

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

| | <u>General Fund</u> | <u>Building Fund</u> | <u>Student Activity Fund</u> | <u>Food Service Fund</u> | <u>Total Governmental Funds</u> |
|----------------------------|-------------------------|--------------------------|--------------------------------------|----------------------------------|---|
| <u>Nonspendable:</u> | | | | | |
| Inventories | - | - | - | 3,517 | 3,517 |
| Prepays | 269,107 | - | - | - | 269,107 |
| <u>Restricted:</u> | | | | | |
| Emergencies | 129,000 | - | - | - | 129,000 |
| Capital Outlay | - | - | - | - | - |
| Food Service | - | - | - | 34,051 | 34,051 |
| <u>Assigned:</u> | | | | | |
| Pupil Activities | - | - | 44,793 | - | 44,793 |
| <u>Unassigned:</u> | | | | | |
| | <u>2,476,076</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,476,076</u> |
| Total Fund Balances | <u><u>2,874,183</u></u> | <u><u>-</u></u> | <u><u>44,793</u></u> | <u><u>37,568</u></u> | <u><u>2,956,544</u></u> |

O. Deferred Outflows / Inflows of Resources

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

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

P. GASB 96

On July 1, 2022 Otero County School District Number 3J adopted GASB 96, Subscription-Based Information Technology Arrangements. The District will comply with GASB 96 on any long term subscription-based information technology arrangements that are individually or aggregately material to the financial statements.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (Continued)

| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Due To</u> | <u>Due From</u> |
|---------------|---------------------|----------------------|---------------|-----------------|
| General Fund | - | 15,000 | - | 16,527 |
| Food Service | 15,000 | - | 16,527 | - |
| Building Fund | - | - | - | - |
| | <u>15,000</u> | <u>15,000</u> | <u>16,527</u> | <u>16,527</u> |

NOTE 3 BUDGETARY INFORMATION

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 CASH AND EQUIVALENTS

Deposits

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

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

| | <u>Carrying Balance</u> | <u>Bank Balance</u> |
|--|-----------------------------|-------------------------|
| Insured (FDIC)(SIPC) | 250,000 | 250,000 |
| Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado | 2,277,884 | 2,304,841 |
| Cash with County Treasurer | 6,644 | - |
| Cash with Fiscal Agent | - | - |
| Cash on Hand | <u>450</u> | <u>-</u> |
| <u>Total Cash and Deposits</u> | <u>2,534,978</u> | <u>2,554,841</u> |

As presented above, deposits with a bank balance of \$2,304,841 and a carrying balance of \$2,277,884 as of June 30, 2023 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Balance <u>July 1, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | Balance <u>June 30, 2023</u> |
|--|--------------------------------|------------------|------------------|--------------------|---------------------------------|
| <u>Governmental Activities</u> | | | | | |
| <u>Capital Assets Not</u> | | | | | |
| <u>Being Depreciated</u> | | | | | |
| Land | 26,840 | - | - | - | 26,840 |
| Construction in Progress | <u>29,940,280</u> | - | - | (29,940,280) | - |
| <u>Total Capital Assets Not Being</u> | | | | | |
| <u>Depreciated</u> | <u>29,967,120</u> | - | - | (29,940,280) | <u>26,840</u> |
| <u>Capital Assets Being Depreciated:</u> | | | | | |
| Building & Site Improvements | 3,713,607 | 147,105 | - | 29,940,280 | 33,800,992 |
| Equipment | 894,556 | 727,802 | - | - | 1,622,358 |
| Vehicles | 366,152 | - | - | - | 366,152 |
| Food Service | <u>55,662</u> | <u>232,640</u> | - | - | <u>288,302</u> |
| <u>Total Capital Assets Being</u> | | | | | |
| <u>Depreciated</u> | <u>5,029,977</u> | <u>1,107,547</u> | - | <u>29,940,280</u> | <u>36,077,804</u> |
| <u>Less Accumulated Depreciation:</u> | | | | | |
| Building & Site Improvements | 2,436,571 | 1,109,038 | - | - | 3,545,609 |
| Equipment | 873,452 | 109,400 | - | - | 982,852 |
| Vehicles | 236,821 | 22,939 | - | - | 259,760 |
| Food Service | <u>55,662</u> | <u>23,264</u> | - | - | <u>78,926</u> |
| <u>Total Accumulated Depreciation</u> | <u>3,602,506</u> | <u>1,264,641</u> | - | - | <u>4,867,147</u> |
| <u>Total Capital Assets Being</u> | | | | | |
| <u>Depreciated, Net</u> | <u>1,427,471</u> | <u>(157,094)</u> | - | <u>29,940,280</u> | <u>31,210,657</u> |
| <u>Governmental Activities Capital</u> | | | | | |
| <u>Assets, Net</u> | <u>31,394,591</u> | <u>(157,094)</u> | - | - | <u>31,237,497</u> |

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

| | |
|--|------------------|
| <u>Governmental Activities:</u> | |
| Instruction | 1,203,346 |
| General Administration Support | 351 |
| Operations and Maintenance | 14,741 |
| Transportation | 22,939 |
| Food Service | <u>23,264</u> |
| <u>Total Depreciation Expense –Governmental Activities</u> | <u>1,264,641</u> |

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Otero County School District Number 3J 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 Otero County School District Number 3J are provided with pensions through the SCHDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

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

Contributions provisions as of June 30, 2023: Eligible employees of, Otero County School District Number 3J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below.

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 PENSION PLAN (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Otero County School District Number 3J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Otero County School District Number 3J were \$302,603 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 Otero County School District Number 3J proportion of the net pension liability was based on Otero County School District Number 3J 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 Otero County School District Number 3J reported a liability of \$3,524,362 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Otero County School District Number 3J 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 Otero County School District Number 3J were as follows:

| | |
|--|--------------|
| Otero County School District Number 3J proportionate share of the net pension liability | \$ 3,524,362 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Otero County School District Number 3J | \$ 1,027,035 |
| Total | \$ 4,551,397 |

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 PENSION PLAN (Continued)

At December 31, 2022, the Otero County School District Number 3J proportion was 0.019%, which was a decrease of 0.0025% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Otero County School District Number 3J recognized pension expense of \$116,747 and revenue of \$87,580 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Otero County School District Number 3J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | 33,354 | - |
| Changes of assumptions or other inputs | 62,428 | - |
| Net difference between projected and actual earnings on pension plan investments | 473,452 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 143,732 | (430,491) |
| Contributions subsequent to the measurement date | 149,712 | N/A |
| Total | 862,678 | (430,491) |

\$149,712 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30, 2023 | |
|--------------------------|----------|
| 2024 | (51,858) |
| 2025 | (76,017) |
| 2026 | 134,964 |
| 2027 | 275,386 |
| 2028 | - |
| Thereafter | - |

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 PENSION PLAN (Continued)

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

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

Sensitivity of the Otero County School District Number 3J 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:

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 **PENSION PLAN (Continued)**

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension | 4,612,178 | 3,524,362 | 2,615,925 |

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description – Employees of the Otero County School District Number 3J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$5,073.

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Otero County School District Number 3J 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 Otero County School District Number 3J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Otero County School District Number 3J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Otero County School District Number 3J were \$15,145 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 Otero County School District Number 3J reported a liability of \$120,118 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 Otero County School District Number 3J proportion of the net OPEB liability was based on Otero County School District Number 3J 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 Otero County School District Number 3J proportion was 0.015%, which was an increase of 0.0004% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Otero County School District Number 3J recognized OPEB income of \$16,581. At June 30, 2023, the Otero County School District Number 3J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | 16 | (29,048) |
| Changes of assumptions or other inputs | 1,931 | (13,257) |
| Net difference between projected and actual earnings on OPEB plan investments | 7,337 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 12,508 | (273) |
| Contributions subsequent to the measurement date | 7,493 | N/A |
| Total | 29,285 | (42,578) |

\$7,493 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, 2023 | |
|--------------------------|---------|
| 2024 | (8,894) |
| 2025 | (7,892) |
| 2026 | (2,022) |
| 2027 | 745 |
| 2028 | (2,208) |
| Thereafter | (515) |

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

Sensitivity of the Otero County School District Number 3J 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:

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---------------------------------------|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare trend rate* | 5.25% | 6.25% | 7.25% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 3.00% | 4.00% | 5.00% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$116,718 | \$120,118 | \$123,817 |

*For the January 1, 2023, plan year.

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

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

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

Sensitivity of the Otero County School District Number 3J proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$139,252 | \$120,118 | \$103,752 |

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.

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

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

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

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 FOOD INVENTORIES

Food Service Fund inventories at June 30, 2023, consisted of purchased, non-food and donated commodities amounted to \$3,517. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 11 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2023 are estimated to be \$251,913. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 12 LITIGATION

None.

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

NOTE 14 JOINT VENTURES AND RELATED PARTIES

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2023. The joint venture summary audited financial information as of June 30, 2022 is as follows:

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 14 JOINT VENTURES AND RELATED PARTIES (Continued)

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

NOTE 15 INTERFUND BALANCES AND TRANSFERS

| <u>TRANSFERS</u> | <u>Transfer In</u> | <u>Transfer Out</u> | <u>Due To</u> | <u>Due From</u> |
|-------------------|--------------------|---------------------|---------------|-----------------|
| General Fund | - | 15,000 | - | 16,527 |
| Food Service Fund | <u>15,000</u> | <u>-</u> | <u>16,527</u> | <u>-</u> |
| | <u>15,000</u> | <u>15,000</u> | <u>16,527</u> | <u>16,527</u> |

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting operations. Due To and Due From are operational loans between funds that are expected to be paid back within the next year.

NOTE 16 BUILDING PROJECT

During 2019, Otero County School District Number 3J entered into an agreement with BEST for the construction of a new school building and improvements. The anticipated cost of the entire project is \$31,586,775. Otero County School District Number 3J was required to pay \$200,000 towards the construction costs and the remaining costs of \$31,386,775 will be paid with BEST grant revenues. The District has no debt related to the project. Expenditures for this project through June 30, 2023 totaled \$30,883,588.

NOTE 17 COMPLIANCE WITH BUDGET LAWS

The following condition was noted and may be a violation of Colorado law:

Expenditures in the Building Fund exceeded budgeted amounts by \$853,975.

NOTE 18 PRIOR PERIOD CORRECTION

During fiscal year 2022, Otero County School District Number 3J received a School Counselor Grant in the amount of \$120,000. A prior year correction was made for \$80,879 to reflect the portion of that grant that should have been deferred at June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | | Variance with |
|---------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget- Favorable (Unfavorable) |
| <u>REVENUES</u> | | | | |
| <u>Local Sources</u> | | | | |
| Property Taxes | 267,000 | 267,000 | 266,817 | (183) |
| Specific Ownership Taxes | 50,050 | 50,050 | 50,038 | (12) |
| Earnings on Investments | 16,550 | 16,550 | 32,847 | 16,297 |
| Delinquent Taxes and Interest | 100 | 100 | 214 | 114 |
| Other | 35,110 | 146,610 | 161,205 | 14,595 |
| <u>State Sources</u> | | | | |
| Equalization | 2,725,334 | 2,493,000 | 2,493,069 | 69 |
| Transportation | 15,000 | 15,000 | 14,186 | (814) |
| Other | 187,354 | 203,038 | 335,499 | 132,461 |
| <u>Federal Sources</u> | | | | |
| Other | 916,548 | 632,361 | 481,818 | (150,543) |
| <u>TOTAL REVENUES</u> | <u>4,213,046</u> | <u>3,823,709</u> | <u>3,835,693</u> | <u>11,984</u> |
| | | | | |
| <u>EXPENDITURES</u> | | | | |
| <u>Instruction</u> | | | | |
| <u>Regular Programs</u> | | | | |
| Salaries | 912,474 | 953,505 | 873,688 | 79,817 |
| Employees Benefits | 297,537 | 297,537 | 355,782 | (58,245) |
| Purchased Services-Professional | 8,500 | 8,500 | 9,401 | (901) |
| Purchased Services-Property | - | - | 7,596 | (7,596) |
| Purchased Services-Other | 86,345 | 86,345 | 76,901 | 9,444 |
| Supplies and Materials | 205,071 | 205,071 | 189,569 | 15,502 |
| Property | 8,600 | 8,600 | 1,666 | 6,934 |
| Other Objects | 800 | 800 | 228 | 572 |
| <u>Total Instruction</u> | <u>1,519,327</u> | <u>1,560,358</u> | <u>1,514,831</u> | <u>45,527</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget- Favorable (Unfavorable)</u> |
|-------------------------------------|-------------------------|----------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Supporting Services</u> | | | | |
| <u>Student Supporting Services</u> | | | | |
| Salaries | 99,500 | 99,500 | 157,848 | (58,348) |
| Employee Benefits | 36,100 | 36,100 | 59,418 | (23,318) |
| Purchased Services – Professional | 900 | 900 | - | 900 |
| Purchased Services – Other | 1,900 | 1,900 | 467 | 1,433 |
| Supplies and Materials | 18,800 | 18,800 | 90,898 | (72,098) |
| Property | - | - | - | - |
| Other Objects | - | - | - | - |
| <u>Total Student Services</u> | <u>157,200</u> | <u>157,200</u> | <u>308,631</u> | <u>(151,431)</u> |
| <u>Instructional Staff</u> | | | | |
| Salaries | 66,000 | 66,000 | 69,397 | (3,397) |
| Employee Benefits | 28,749 | 28,749 | 32,904 | (4,155) |
| Purchased Services – Professional | 2,000 | 2,000 | 1,600 | 400 |
| Purchased Services – Other | 325 | 325 | 126 | 199 |
| Supplies and Materials | 5,125 | 5,125 | 4,703 | 422 |
| Property | - | - | - | - |
| Other Objects | - | - | - | - |
| <u>Total Instructional Staff</u> | <u>102,199</u> | <u>102,199</u> | <u>108,730</u> | <u>(6,531)</u> |
| <u>General Administration</u> | | | | |
| Salaries | 127,766 | 127,766 | 126,482 | 1,284 |
| Employee Benefits | 58,350 | 58,350 | 48,805 | 9,545 |
| Purchased Services-Professional | 34,000 | 34,000 | 33,051 | 949 |
| Purchased Services – Property | 20,500 | 20,500 | 16,884 | 3,616 |
| Purchased Services-Other | 18,500 | 18,500 | 15,719 | 2,781 |
| Supplies and Materials | 15,236 | 15,236 | 3,128 | 12,108 |
| Other Objects | 1,000 | 1,000 | 2,413 | (1,413) |
| <u>Total General Administration</u> | <u>275,352</u> | <u>275,352</u> | <u>246,482</u> | <u>28,870</u> |
| <u>School Administration</u> | | | | |
| <u>Office of the Principal</u> | | | | |
| Salaries | 106,250 | 106,250 | 105,713 | 537 |
| Employee Benefits | 41,750 | 41,750 | 45,894 | (4,144) |
| Purchased Services – Property | - | - | 220 | (220) |
| Purchased Services – Other | 1,350 | 1,350 | 216 | 1,134 |
| Supplies and Materials | 900 | 900 | - | 900 |
| Property | 500 | 500 | 1,028 | (528) |
| Other Objects | - | - | - | - |
| <u>Total School Administration</u> | <u>150,750</u> | <u>150,750</u> | <u>153,071</u> | <u>(2,321)</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget- Favorable (Unfavorable)</u> |
|---|-------------------------|----------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Supporting Services (Continued)</u> | | | | |
| <u>Business Services</u> | | | | |
| Purchased Services-Professional | 250 | 250 | 676 | (426) |
| Other Objects | - | - | 22,837 | (22,837) |
| <u>Total Business Services</u> | <u>250</u> | <u>250</u> | <u>23,513</u> | <u>(23,263)</u> |
| <u>Operations and Maintenance</u> | | | | |
| Salaries | 207,000 | 207,000 | 184,601 | 22,399 |
| Employees Benefits | 69,000 | 69,000 | 69,466 | (466) |
| Purchased Services-Property | 38,500 | 38,500 | 40,857 | (2,357) |
| Purchased Services-Other | 1,000 | 1,000 | 365 | 635 |
| Supplies and Materials | 156,321 | 156,321 | 146,674 | 9,647 |
| Property | 50,000 | 50,000 | 39,334 | 10,666 |
| <u>Total Operations and Maintenance</u> | <u>521,821</u> | <u>521,821</u> | <u>481,297</u> | <u>40,524</u> |
| <u>Student Transportation</u> | | | | |
| Salaries | 11,500 | 11,500 | 8,064 | 3,436 |
| Employee Benefits | 2,720 | 2,720 | 2,907 | (187) |
| Purchased Services – Professional | 5,350 | 5,350 | 3,467 | 1,883 |
| Purchased Services – Property | 15,250 | 15,250 | 7,878 | 7,372 |
| Purchased Services-Other | 7,184 | 7,184 | 6,878 | 306 |
| Supplies and Materials | 16,248 | 16,248 | 12,498 | 3,750 |
| Property | - | - | - | - |
| <u>Total Student Transportation</u> | <u>58,252</u> | <u>58,252</u> | <u>41,692</u> | <u>16,560</u> |
| <u>Central Support</u> | | | | |
| Salaries | 100 | 100 | 8,879 | (8,779) |
| Employee Benefits | 105 | 105 | 664 | (559) |
| Purchased Services – Other | 213,629 | 213,629 | 198,418 | 15,211 |
| <u>Total Central Support</u> | <u>213,834</u> | <u>213,834</u> | <u>207,961</u> | <u>5,873</u> |
| <u>Other Support</u> | | | | |
| Salaries | 1,000 | 1,000 | 500 | 500 |
| Employee Benefits | 500 | 500 | 109 | 391 |
| Purchased Services – Other | 37,000 | 37,000 | 29,132 | 7,868 |
| <u>Total Other Support</u> | <u>38,500</u> | <u>38,500</u> | <u>29,741</u> | <u>8,759</u> |
| <u>Community Service</u> | | | | |
| Other Objects | 35,000 | 35,000 | 2,879 | 32,121 |
| <u>Total Community Service</u> | <u>35,000</u> | <u>35,000</u> | <u>2,879</u> | <u>32,121</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget- Favorable (Unfavorable)</u> |
|--|-------------------------|------------------------|----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Facility</u> | | | | |
| Salaries | 56,250 | 56,250 | - | 56,250 |
| Supplies and Materials | 508,427 | 508,427 | 4,629 | 503,798 |
| Property | - | - | 32,832 | (32,832) |
| <u>Total Facility</u> | <u>564,677</u> | <u>564,677</u> | <u>37,461</u> | <u>527,216</u> |
| <u>Total Supporting Services</u> | <u>2,117,835</u> | <u>2,117,835</u> | <u>1,641,458</u> | <u>476,377</u> |
| <u>Appropriated Reserves</u> | <u>1,780,064</u> | <u>2,415,338</u> | <u>-</u> | <u>2,415,338</u> |
| <u>TOTAL EXPENDITURES</u> | <u>5,417,226</u> | <u>6,093,531</u> | <u>3,156,289</u> | <u>2,937,242</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | <u>(1,204,180)</u> | <u>(2,269,822)</u> | <u>679,404</u> | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers | (30,000) | (30,000) | (15,000) | 15,000 |
| <u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u> | <u>(1,234,180)</u> | <u>(2,299,822)</u> | <u>664,404</u> | |
| <u>FUND BALANCE, July 1</u> | <u>1,234,180</u> | <u>2,299,822</u> | <u>2,299,822</u> | |
| <u>PRIOR PERIOD CORRECTION</u> | <u>-</u> | <u>-</u> | <u>(80,879)</u> | |
| <u>FUND BALANCE, June 30</u> | <u>-</u> | <u>-</u> | <u>2,883,347</u> | |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability (asset) | 0.0193% | 0.0219% | 0.0242% | 0.0201% | 0.0203% | 0.0231% | 0.0253% | 0.0273% | 0.0291% | 0.0310% |
| District's proportionate share of the net pension liability (asset) | \$3,524,362 | \$2,545,229 | \$3,654,871 | \$3,007,213 | \$3,603,792 | \$7,456,129 | \$7,528,938 | \$4,171,473 | \$3,948,981 | \$3,950,642 |
| State's proportionate share of the net pension liability associated with the District** | \$1,027,035 | \$291,778 | - | \$381,426 | \$492,769 | - | - | - | - | - |
| District's covered payroll | \$1,484,806 | \$1,458,606 | \$1,310,226 | \$1,216,853 | \$1,179,306 | \$1,060,234 | \$1,089,007 | \$1,149,709 | \$1,221,334 | \$1,244,938 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 237% | 175% | 279% | 247% | 306% | 703% | 691% | 363% | 323% | 317% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.79% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.13% | 59.2% | 62.80% | 64.06% |

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

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contributions | \$ 302,603 | \$ 289,971 | \$ 273,837 | \$ 235,826 | \$ 225,601 | \$ 200,177 | \$ 200,117 | \$ 203,900 | \$ 218,710 | \$ 211,618 |
| Contributions in relation to the contractually required contributions | <u>\$ (302,603)</u> | <u>\$ (289,971)</u> | <u>\$ (273,837)</u> | <u>\$ (235,826)</u> | <u>\$ (225,601)</u> | <u>\$ (200,177)</u> | <u>\$ (200,117)</u> | <u>\$ (203,900)</u> | <u>\$ (218,710)</u> | <u>\$ (211,618)</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$1,484,806 | \$1,458,606 | \$1,310,226 | \$1,216,853 | \$1,179,306 | \$1,060,234 | \$1,089,007 | \$1,149,709 | \$1,221,334 | \$1,244,938 |
| Contributions as a percentage of covered payroll | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.88% | 18.38% | 17.73% | 17.91% | 17.00% |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net OPEB liability (asset) | 0.0147% | 0.0143% | 0.0139% | 0.0132% | 0.0131% | 0.0131% | 0.0144% | - | - | - |
| District's proportionate share of the net OPEB liability (asset) | \$120,118 | \$123,139 | \$132,823 | \$147,882 | \$178,033 | \$170,221 | \$186,537 | - | - | - |
| District's covered payroll | \$1,484,806 | \$1,458,606 | \$1,310,226 | \$1,216,853 | \$1,179,306 | \$1,060,234 | \$1,089,007 | - | - | - |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 8.08% | 8.40% | 10.14% | 12.15% | 15.09% | 16.06% | 17.13% | - | - | - |
| Plan fiduciary net position as a percentage of the total OPEB liability | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 17.53% | 16.72% | - | - | - |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|
| Contractually required contributions | \$ 15,145 | \$ 14,878 | \$ 13,364 | \$ 12,412 | \$ 12,029 | \$ 10,814 | \$ 11,107 | - | - | - |
| Contributions in relation to the contractually required contributions | <u>\$(15,145)</u> | <u>\$(14,878)</u> | <u>\$(13,364)</u> | <u>\$(12,412)</u> | <u>\$(12,029)</u> | <u>\$(10,814)</u> | <u>\$(11,107)</u> | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - | - | - |
| District's covered payroll | \$1,484,806 | \$1,458,606 | \$1,310,226 | \$1,216,853 | \$1,179,306 | \$1,060,234 | \$1,089,007 | - | - | - |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | - | - | - |

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Capital Project Funds

Major Building Fund

This fund accounts for the acquisition of sites, buildings, equipment and vehicles.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

Pupil Activity – This fund accounts for financial transactions of all schools in the District through individual school activity accounts.

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2023

| | <u>Food Service</u> | <u>Pupil Activity</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-------------------------|---------------------------|--|
| <u>ASSETS</u> | | | |
| Cash and Investments | 46,585 | 50,923 | 97,508 |
| Accounts Receivable | - | - | - |
| Grants Receivable | 11,445 | - | 11,445 |
| Due From Other Funds | - | - | - |
| Property Taxes Receivable | - | - | - |
| Inventories | <u>3,517</u> | <u>-</u> | <u>3,517</u> |
| <u>TOTAL ASSETS</u> | <u>61,547</u> | <u>50,923</u> | <u>112,470</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts Payable | 3,963 | 6,130 | 10,093 |
| Accrued Salaries | 3,489 | - | 3,489 |
| Due To Other Funds | 16,527 | - | 16,527 |
| Unearned Revenue | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Total Liabilities</u> | <u>23,979</u> | <u>6,130</u> | <u>30,109</u> |
| <u>Deferred Inflow of Resources</u> | | | |
| Property Taxes | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Fund Balances</u> | | | |
| Nonspendable: | | | |
| Inventories | 3,517 | - | 3,517 |
| Restricted: | | | |
| Food Service | 34,051 | - | 34,051 |
| Assigned: | | | |
| Pupil Activities | - | 44,793 | 44,793 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Total Fund Balances</u> | <u>37,568</u> | <u>44,793</u> | <u>82,361</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES</u> | <u>61,547</u> | <u>50,923</u> | <u>112,470</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2023

| | <u>Food Service</u> | <u>Pupil Activity</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-------------------------|---------------------------|--|
| <u>REVENUES</u> | | | |
| Property Taxes | - | - | - |
| Specific Ownership Taxes | - | - | - |
| Earnings on Investments | 440 | - | 440 |
| Other Local Sources | 3,696 | 95,641 | 99,337 |
| State Aid | 504 | - | 504 |
| Federal Aid | 118,216 | - | 118,216 |
| <u>Total Revenues</u> | <u>122,856</u> | <u>95,641</u> | <u>218,497</u> |
| <u>EXPENDITURES</u> | | | |
| Current: | | | |
| Instructional Services | - | - | - |
| Supporting Services: | | | |
| Students | - | 88,293 | 88,293 |
| Instructional Staff | - | - | - |
| District Administration | - | - | - |
| School Administration | - | - | - |
| Business | - | - | - |
| Operation and Maintenance of Facilities | - | - | - |
| Transportation | - | - | - |
| Central | - | - | - |
| Food Service | 144,558 | - | 144,558 |
| Capital Outlay | - | - | - |
| <u>Total Expenditures</u> | <u>144,558</u> | <u>88,293</u> | <u>232,851</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u> | <u>(21,702)</u> | <u>7,348</u> | <u>(14,354)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers | 15,000 | - | 15,000 |
| <u>Total Other Financing Sources (Uses)</u> | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | <u>(6,702)</u> | <u>7,348</u> | <u>646</u> |
| <u>FUND BALANCE, Beginning</u> | <u>44,270</u> | <u>37,445</u> | <u>81,715</u> |
| <u>FUND BALANCE, Ending</u> | <u>37,568</u> | <u>44,793</u> | <u>82,361</u> |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
 BUILDING FUND – CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL
 For the Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|--|------------------|------------------|--|
| <u>REVENUES</u> | | | |
| Grant Revenue | - | <u>853,975</u> | <u>853,975</u> |
| <u>Total Revenues</u> | <u>-</u> | <u>853,975</u> | <u>853,975</u> |
| <u>EXPENDITURES</u> | | | |
| Building & Improvements | <u>200,000</u> | <u>1,053,975</u> | <u>(853,975)</u> |
| <u>Total Expenditures</u> | <u>200,000</u> | <u>1,053,975</u> | <u>(853,975)</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | <u>(200,000)</u> | <u>(200,000)</u> | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u> | <u>(200,000)</u> | <u>(200,000)</u> | |
| <u>FUND BALANCE, Beginning</u> | <u>200,000</u> | <u>200,000</u> | |
| <u>FUND BALANCE, Ending</u> | <u>-</u> | <u>-</u> | |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
FOOD SERVICE – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|--|----------------|----------------|--|
| <u>REVENUES</u> | | | |
| <u>Local Sources</u> | | | |
| Food Sales | - | 2,977 | 2,977 |
| Earnings on Investments | - | 440 | 440 |
| Other | - | 719 | 719 |
| <u>State Sources</u> | | | |
| School Lunches | - | 504 | 504 |
| <u>Federal Sources</u> | | | |
| School Lunches | 148,834 | 116,527 | (32,307) |
| Commodities | - | 1,689 | 1,689 |
| <u>Total Revenues</u> | <u>148,834</u> | <u>122,856</u> | <u>(25,978)</u> |
| <u>EXPENDITURES</u> | | | |
| Salaries | - | 19,646 | (19,646) |
| Employee Benefits | - | 3,973 | (3,973) |
| Purchased Services – Professional | - | 46,046 | (46,046) |
| Purchased Services – Property | - | - | - |
| Purchased Services - Other | - | 35 | (35) |
| Supplies and Materials | 193,104 | 73,169 | 119,935 |
| Capital Outlay | - | - | - |
| Other | - | - | - |
| Commodities | - | 1,689 | (1,689) |
| Depreciation | - | - | - |
| <u>Total Expenditures</u> | <u>193,104</u> | <u>144,558</u> | <u>48,546</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (44,270) | (21,702) | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Operating Transfers from General Fund | - | 15,000 | 15,000 |
| <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u> | | | |
| | (44,270) | (6,702) | |
| <u>FUND BALANCE, Beginning</u> | <u>44,270</u> | <u>44,270</u> | |
| <u>FUND BALANCE, Ending</u> | <u>-</u> | <u>37,568</u> | |

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

OTERO COUNTY SCHOOL DISTRICT NUMBER 3J
PUPIL ACTIVITY – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|--|-----------------|---------------|--|
| <u>REVENUES</u> | | | |
| Earnings on Investments | - | - | - |
| Other Local Sources | <u>100,000</u> | <u>95,641</u> | <u>(4,359)</u> |
| <u>Total Revenues</u> | <u>100,000</u> | <u>95,641</u> | <u>(4,359)</u> |
| <u>EXPENDITURES</u> | | | |
| Purchased Services – Professional | - | 1,505 | (1,505) |
| Purchased Services- Other | - | 78 | (78) |
| Supplies and Materials | 100,000 | 86,060 | 13,940 |
| Other | <u>37,455</u> | <u>650</u> | <u>36,805</u> |
| <u>Total Expenditures</u> | <u>137,455</u> | <u>88,293</u> | <u>49,162</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | <u>(37,455)</u> | <u>7,348</u> | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In (Out) | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | - | - | - |
| <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u> | <u>(37,455)</u> | <u>7,348</u> | |
| <u>FUND BALANCE – Beginning</u> | <u>37,455</u> | <u>37,445</u> | |
| <u>FUND BALANCE - Ending</u> | <u>-</u> | <u>44,793</u> | |

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditor's Integrity Report
 District: 2535 - Manzanola 3J
 Fiscal Year 2022-23
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) | + | 1000 - 5999 Total Revenues & Other Sources | - | 0001-0999 Total Expenditures & Other Uses | = | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|--|--|---|--|---|---|---|---|
| Governmental | | | | | | | |
| 01 General Fund | 2,218,944 | | 3,023,794 | | 3,159,391 | | 2,663,347 |
| 02 Risk Mgmt Sub-Fund of General Fund | 0 | | 0 | | 0 | | 0 |
| 03 Colorado Technical Program Fund | 0 | | 0 | | 0 | | 0 |
| Sub-Total | 2,218,944 | | 3,023,794 | | 3,159,391 | | 2,663,347 |
| 1 Charter School Fund | 0 | | 0 | | 0 | | 0 |
| 003033 Special Revenue Fund | 0 | | 0 | | 0 | | 0 |
| 05 Supplemental Cap Expend: Tech Main Fund | 0 | | 0 | | 0 | | 0 |
| 07 Tech Program Baseline Fund | 0 | | 0 | | 0 | | 0 |
| 01 Food Service Sales Revenue Fund | 44,270 | | 1,37,856 | | 1,44,558 | | 37,567 |
| 02 Cost Disposition-Purpose Grants Fund | 0 | | 0 | | 0 | | 0 |
| 03 Public Activity Special Revenue Fund | 37,445 | | 95,641 | | 88,252 | | 44,793 |
| 03 Transportation Fund | 0 | | 0 | | 0 | | 0 |
| 01 State Procurement Fund | 0 | | 0 | | 0 | | 0 |
| 05 Central Area of Funding (COA) Tech-Service Fund | 0 | | 0 | | 0 | | 0 |
| 04 Building Fund | 209,000 | | 853,975 | | 3,053,975 | | 0 |
| 02 Capital Building Fund | 0 | | 0 | | 0 | | 0 |
| 04 Capital Reserve Capital Project Fund | 0 | | 0 | | 0 | | 0 |
| 05 Supplemental Cap Expend: Tech Main Fund | 0 | | 0 | | 0 | | 0 |
| Totals | 2,500,658 | | 4,911,266 | | 4,446,217 | | 2,965,708 |
| Proprietary | | | | | | | |
| 01 Other Enterprise Funds | 0 | | 0 | | 0 | | 0 |
| 01500 - Public Safety Fund | 0 | | 0 | | 0 | | 0 |
| 01500 - Other Enterprise Funds | 0 | | 0 | | 0 | | 0 |
| Total | 0 | | 0 | | 0 | | 0 |
| Fiduciary | | | | | | | |
| 01 Other Trust and Agency Funds | 0 | | 0 | | 0 | | 0 |
| 01 Public Purpose Trust Fund | 0 | | 0 | | 0 | | 0 |
| 01 Agency Fund | 0 | | 0 | | 0 | | 0 |
| 01 Public Activity Agency Fund | 107 | | 0 | | 107 | | 0 |
| 05 GASB Supplement Fund | 0 | | 0 | | 0 | | 0 |
| 01 Foundations | 0 | | 0 | | 0 | | 0 |
| Total | 107 | | 0 | | 107 | | 0 |

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District 2535 - Manzanola 3J
 Fiscal Year 2022-23
 Colorado School District/BOCES

| ASSETS | Governmental | | | | | | Proprietary | | | | | | Fiduciary | | | |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|------------------|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Total Program Reserve Fund 07 | Food Service Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45,47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
| Cash and Investments (8100-8104,8111) | 2,430,827 | 0 | 0 | 50,923 | 0 | 0 | 46,585 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,528,335 |
| Cash with Fiscal Agent (8105) | 6,644 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,644 |
| Taxes Receivable (8121,8122) | 13,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,500 |
| Interfund Loans Receivable (8131,8132) | 16,527 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,527 |
| Grants Accounts Receivable (8142) | 556,557 | 0 | 0 | 0 | 0 | 0 | 11,445 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 568,002 |
| Other Receivables (8151-8154,8161) | 4,252 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,252 |
| Inventories (8171,8172,8173) | 0 | 0 | 0 | 0 | 0 | 0 | 3,517 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,517 |
| Prepaid Expenses (8181,8182) | 269,107 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 269,107 |
| Machinery and Equipment (8241,8242,8251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets | 3,297,414 | 0 | 0 | 50,923 | 0 | 0 | 61,547 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,409,884 |

LIABILITIES & FUND EQUITY

LIABILITIES

| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Total Program Reserve Fund 07 | Food Service Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
|--|---------------------------|---------------------------|----------------------|------------------------------------|-----------------------------------|----------------------------------|---------------------------------|-----------------------------|--|-----------------------------------|-------------------------------------|--------------------------------------|------------------------------------|-------------------------------|---------------------|----------------|
| Interfund Payables (7401-7402) | 0 | 0 | 0 | 0 | 0 | 0 | 16,527 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,527 |
| Other Payables (7421-7423) | 77,730 | 0 | 0 | 6,130 | 0 | 0 | 3,963 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 87,823 |
| Contracts Payable (7431-7433) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued Expenses (7451) | 249,424 | 0 | 0 | 0 | 0 | 0 | 3,489 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 251,913 |
| Payroll Deo and Withholdings (7471-7473) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unearned Revenue (7481) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants Deferred Revenue (7482) | 77,413 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 77,413 |
| Deferred Inflow (7800) | 10,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,500 |
| Total Liabilities | 414,067 | 0 | 0 | 6,130 | 0 | 0 | 25,980 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 444,176 |

