

cPa DIXON, WALLER & CO., INC.

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PROWERS COUNTY  
SCHOOL DISTRICT RE-1  
GRANADA, COLORADO  
FINANCIAL STATEMENTS  
JUNE 30, 2023

DIXON, WALLER & CO., INC.

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PROWERS COUNTY SCHOOL DISTRICT RE-1

FINANCIAL STATEMENTS

JUNE 30, 2023

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PROWERS COUNTY SCHOOL DISTRICT RE-1  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2023

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BOARD OF EDUCATION

Leonel Morales	President
Denyce Block	Vice-President
David Holden	Treasurer
Andria Riddle	Secretary
Elizabeth Hainer	Member
Caleb DuVall	Member

SCHOOL OFFICIALS

Ty Kemp	Superintendent
Linda Bezona	Business Manager

FINANCIAL SECTION

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(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Prowers County School District RE-1  
Granada, Colorado 81041

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Prowers County School District RE-1, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Prowers County School District RE-1'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 Prowers County School District RE-1, 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 Prowers County School District RE-1, 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 Prowers County School District RE-1'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 Prowers County School District RE-1'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 Prowers County School District RE-1'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 Prowers County School District RE-1'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.



October 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PROWERS COUNTY SCHOOL DISTRICT RE-1 GRANADA**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

As management of the Prowers County School District RE-1, we offer readers of the Prowers County School District RE-1's financial statements this narrative overview and analysis of the financial activities of the Prowers County School District RE-1 for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

**Financial Highlights**

- The District's governmental activities decreased \$1,540 over the course of the 2023 fiscal year. Total net assets decreased 5 percent, due to a decrease in capital assets and the GASB 68 rule which requires the District to show a Net Pension Obligation of \$6,415,641. Net Position is no longer divided between governmental activities and business-type activities.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,059,055 or 76 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$823,381 or 20 percent of total revenues of \$4,032,136.
- The District had \$4,312,409 in expenses related to governmental activities; \$823,381 of these expenses were offset by program specific charges for services, grants and contributions.
- Outlays for capital assets were primarily comprised of the purchase of labor and materials for major repairs to the school building, through Best Grant funds.
- Business-type activities are no longer separated out since the Food Service fund changed from an Enterprise Fund to a Special Revenue Fund as of July 1, 2014. Revenue in the food service fund from charges for services and operating grants and contributions was not sufficient to cover expenses in the 2023 fiscal year. \$88,195 was transferred from the General fund.

## **Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), 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, Statement of Net Position and Statement of Activities 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.
- Proprietary funds statements offer short-and long-term financial information about the activities the District operates like businesses, such as food service.

The financial statements also 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 supplementary information that further explains and supports the financial statements, and includes a comparison to the District's budget for the year.

## **District-wide Financial Statements**

The district-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Prowers County School District RE-1's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Prowers County School District RE-1 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

The district-wide financial statement no longer distinguishes functions of the District that were principally supported by taxes and intergovernmental revenues (government activities) from other functions that were intended to recover all or a significant portion of their costs through user fees

and charges (business-type activities). Governmental activities now include the District's basic services such as regular and special education, transportation, administration, and food services.

The district-wide financial statements can be found on pages 3 & 4 of this report.

### **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 track specific sources of funding and spending on particular programs. The Prowers County School District RE-1, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into two categories: governmental funds and proprietary funds.

*Governmental Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. 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, additional information in the reconciliation of the governmental funds statements explains the relationship (or differences) between them.

Prowers County School District RE-1 maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is reported as a major fund. The pupil activity and food service is reported as non-major funds.

*Proprietary funds:* Until the 2014-15 school year, Food Service had been an Enterprise fund and was presented under business-type activities in the district-wide financial statements. It is now presented under other governmental funds. The depreciation expense was dropped when Food Service changed to a special revenue fund. Prowers County School District RE-1 uses proprietary funds to account for its nutrition services.

Non-major Governmental Funds provide the same type of information as the district-wide financial statements, only in more detail. The non-major governmental fund financial statement provides separate information for the nutrition services and pupil activity.

### **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. The notes to the financial statements can be found on pages 12-27 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes statements budget-to-actual information for all funds as dictated by state law.

**District-wide Financial Analysis**

The fiscal year ended June 30, 2023, is the nineteenth year in which the financial statements of the District are reported following GASB Statement 34. Therefore, comparative information to the prior year is available for this section of the Management Discussion and Analysis.

Table 1 provides a summary of the district’s net position at June 30, 2022 & June 30, 2023.

**Table 1  
Condensed Statement of Net Position**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2023 Total School District</b>	<b>2022 Total School District</b>
Current and Other Assets	\$ 3,660,204	-	\$ 3,660,204	\$ 3,709,724
Capital Assets - Net	7,521,837	-	7,521,837	7,923,858
Deferred Outflows	908,812		908,812	764,941
<b>Total Assets and Flows</b>	<b>12,090,853</b>	<b>-</b>	<b>12,090,853</b>	<b>12,398,523</b>
Current Liabilities	848,070	-	848,070	928,995
Long Term Liabilities	5,567,571	-	5,567,571	4,563,441
Deferred Inflows	5916,978	-	516,978	1,467,580
<b>Total Liabilities</b>	<b>6,932,619</b>	<b>-</b>	<b>6,932,619</b>	<b>6,960,016</b>
<b>Net Position</b>				
Net Investment in Capital Assets	5,731,501	-	5,731,501	6,060,808
Restricted For:				
Tabor Reserve	117,000		117,000	101,000
Preschool	17,711	-	17,711	123,823
Food Service	3040		3,040	0
Capital Outlay	0		0	0
Unrestricted (Deficit)	(711,018)	-	(711,018)	(847,124)
<b>Total net assets at June 30</b>	<b>5,158,234</b>	<b>-</b>	<b>5,158,234</b>	<b>5,438,507</b>

Table 2 provides a summary of the changes in net assets. Following Table 2 is a specific discussion related to overall revenues and expenses.

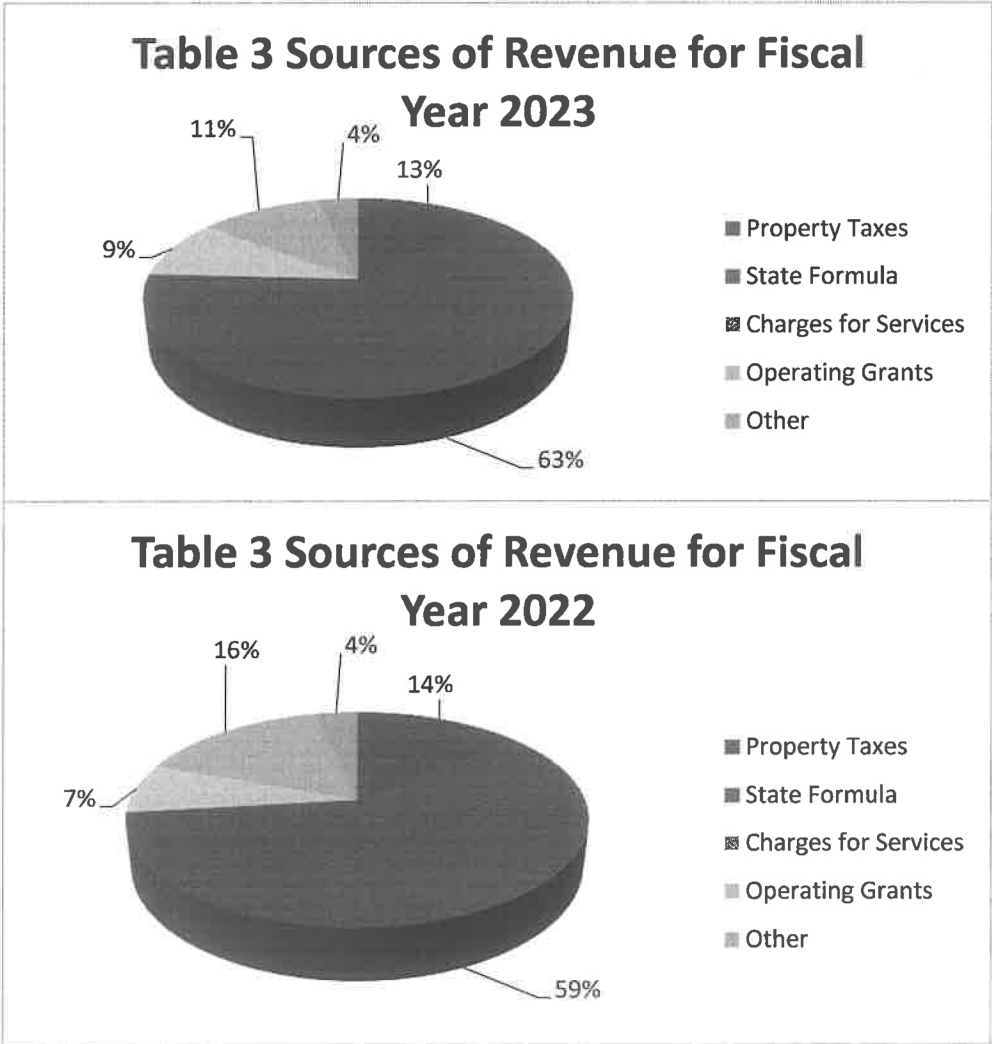
**Table 2**  
**Changes in Net Assets From Operating Results**

	Governmental Activities	Business- Type Activities	2023 Total School District	2022 Total School District
<b>Revenues</b>				
Capital Grants & Contributions	\$ 0	\$ -	\$ 0	\$ 128,839
Charges for Services	\$ 380,826	-	\$ 380,826	\$ 277,228
Operating Grants & Contributions	\$ 442,555	-	\$ 442,555	\$ 467,521
<b>General Revenues</b>				
Property Taxes	\$ 503,697		\$ 503,697	\$ 516,641
State Equalization	\$ 2,555,358		\$ 2,555,358	\$ 2,227,657
Other	\$ 35,705	-	\$ 35,705	\$ 16,432
Other Revenue	\$ 113,995		\$ 113,995	\$ 117,811
Transfers	-	-	-	-
<b>Total Revenues</b>	<b>\$ 4,032,136</b>	<b>-</b>	<b>\$ 4,032,136</b>	<b>\$ 3,752,129</b>
<b>Expenses</b>				
Instruction	\$ 2,056,114	-	\$ 2,056,114	\$ 1,827,836
<b>Support Services:</b>				
Students	\$ 328,952	-	\$ 328,952	\$ 359,720
Instructional Staff	\$ 87,078	-	\$ 87,078	\$ 85,765
General Administration	\$ 258,236	-	\$ 258,236	\$ 244,931
School Administration	\$ 46,423	-	\$ 46,423	\$ 45,778
Operations and Maintenance	\$ 1,008,743	-	\$ 1,008,743	\$ 882,882
Student Transportation	\$ 165,478	-	\$ 165,478	\$ 143,667
Central Supporting Services	\$ 63,030	-	\$ 63,030	\$ 52,100
Other Support	\$ 42,976	-	\$ 42,976	\$ 36,429
Capital Outlay	-	-	-	-
Food Service Operations	\$ 196,981	-	\$ 196,981	\$ 212,293
Transfers	-	-	-	-
Interest and Fiscal Charges	\$ 73,126		\$ 73,126	75,963
Pension Amortization	\$ 4,070	-	\$ 4,070	\$ (1,116,172)
OPEB Expenses	\$ (18,798)		\$ (18,798)	\$ (19,510)
<b>Total Expenses</b>	<b>\$ 4,312,409</b>		<b>\$ 4,312,409</b>	<b>\$ 2,831,682</b>
<b>Increase (Decrease) in Net Position</b>				
	\$ (280,273)	\$ -	\$ (280,273)	\$ 920,447

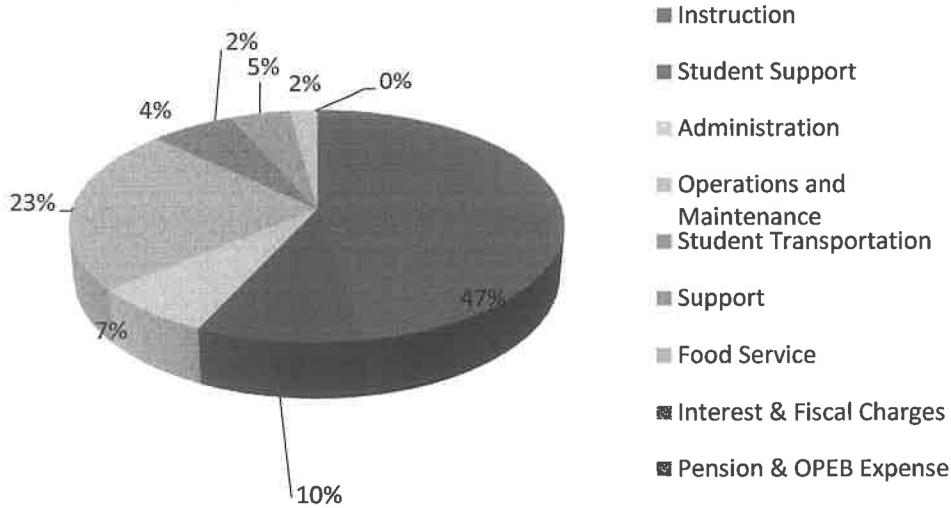
Property taxes and per pupil state formula revenue (state equalization) account for most of the District’s revenue, contributing about 13 cents and 63 cents respectively for every dollar raised (see Table 3). Another 11 cents came from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District expenses predominantly relate to instruction and support services, which includes support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Prowers County School District RE-1 is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District’s employees.

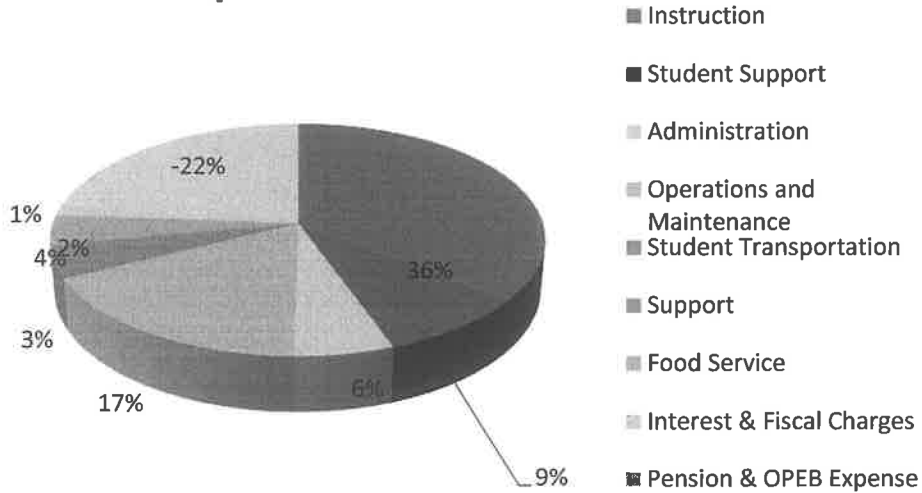
Detailed below in Tables 3 and 4 are charts displaying revenues by source and expenses by program for the total school district.



**Table 4 Expenses for Fiscal Year 2023**



**Table 4 Expenses for Fiscal Year 2022**



**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, \$15,510.74 per funded student. In fiscal year 2022-2023, the funded pupil count was 188.7. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization. The district receives approximately 63 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax. The district receives approximately 13 percent of funding from property tax.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program’s net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these programs.

**Table 5**  
**Net Cost of Governmental Activities (in dollars)**

	<b>Total Cost</b>	<b>Net Cost</b>
	<b>of Services</b>	<b>of Services</b>
Instruction	\$ 2,056,114	\$ -1,726,485
Students	328,952	-92,811
Instructional Staff	87,078	-87,078
General Administration	258,236	-258,236
School Administration	46,423	-46,423
Operations and Maintenance	1,008,743	-877,810
Student Transportation	165,478	-150,855
Central Supporting Services	63,030	-63,030
Other Support	42,976	-42,976
Capital Outlay	0	0
Food Service	196,981	-84,926
Interest and Fiscal Changes	73,126	-73,126
Pension Change	4,070	-4,070
OPEB Expense	-18,798	18,798
Total	\$ 4,312,409	\$ -3,489,028

- The cost of all governmental activities this year was \$4,312,409.
- Federal and State government subsidized certain programs with grants and contributions amounting to \$442,555.
- Most of the District's costs were financed by District and State taxpayers for a total of \$3,059,055.
- This portion of governmental activities was financed with \$503,697 in property taxes, \$2,555,358 in state aid (equalization) based on the statewide formula for per pupil funding, and \$35,705 in investment earnings and other miscellaneous revenues, \$113,995 not pertaining specifically to a program.

### **Business-type Activities**

Business-type activities are no longer reported separately since the Food Service fund changed from an Enterprise Fund to a Special Revenue Fund as of July 1, 2014. Lunch prices increased in the 2012-13 school year. During the 2020-21 and 2021-22 school years, the District received waivers from USDA allowing all students to receive free meals through the Summer Foods Service Program and Seamless Summer Option Program. In future years, lunch prices and other charges may be adjusted to continue to meet expected costs.

### **Financial Analysis of the District's Funds**

Information about the District's funds starts on page 5. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$3,997,499 and expenditures of \$3,999,039. The net change in governmental fund balances for the year was most significant after transferring 88,195 to food service and 60,983 to pupil activity.

**General Fund Budgetary Highlights**

The actual expenditures were \$3,368,452 below budget, primarily because the District budgeted \$6,912,486 from fund balance for unplanned expenditures (contingency). The District did not spend any of the contingency on the assets purchased. The fund balance as of June 30, 2023 (budgetary basis) was \$2,733,933, compared to \$2,737,520 as of June 30, 2022, including \$117,000, and \$101,000 respectively, for TABOR Amendment emergency reserves.

**Capital Assets**

By the end of the fiscal year 2023, the District had invested \$12,310,955 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 6.)

**Table 6  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 488,022	\$ 488,022	-	\$ -	\$ 488,022	\$ 488,022
Building	6,636,425	7,030,512	-	-	6,636,425	7,030,512
Vehicles	5,533	32,984	-	-	5,533	32,984
Equipment	391,857	372,340	-	-	391,857	372,340
Work in Progress	-	-	-	-	-	-
Total	\$ 7,521,837	\$ 7,923,858	\$ -	\$ -	\$ 7,521,837	\$ 7,923,858

**Table 7  
Changes in Long-Term Debt**

Equipment Lease Purchase Series 2020	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
	\$ 1,863,050	-	\$ 72,714	\$ 1,790,336
Totals	\$ 1,863,050	\$ -	\$ 72,714	\$ 1,790,336

**Factors Bearing on the District’s Future**

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

- Information from the 2022-2023 student enrollment “October count” shows that Prowers County School District RE-1 had a few more students than last year. The Stabilization factor resulted in an increase in revenue from the funded pupil count.

- Based on previous enrollment data, our projections for student enrollment for fall 2023 will show District enrollment remaining steady.
- The United States and the State of Colorado have experienced slowing economic conditions in the past several years. One impact of this economic slowing is the reduction in the State of Colorado's general fund revenues, which are expected to continue to decline. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District anticipates its revenues may be adversely impacted. If the District revenues are reduced, the District will be required to reduce its future expenditures. The district implemented a reduction in force in the 2011-12 year to offset the decline in revenues.
- During the 2014-15 school year, the State replaced the Transitional Colorado Assessment Program (TCAP) with the Partnership for Assessment of Readiness for College and Careers (PARCC). The PARCC tests were given to assess Math and Reading in grades three through nine until 2017-18 when they began including grades three through eight. Colorado Measures of Academic Success (CMAS) tests assess Science in fifth or eighth or eleventh grades and Social Studies in fourth or seventh grades. Twelfth grade is no longer tested in Science and Social Studies. In the 2015-16 school year, the District began administering the PSAT test to sophomores, then included the freshmen in 2017-18. Juniors now take the ACT and SAT tests. Schools receiving a priority improvement or turn-around status for three straight years face takeover by the State and conversion to a charter school. The Colorado Department of Education determined that the Prowers County School District RE-1 is meeting the intent of the requirements, as set forth in Colorado State Board of Education Rules 2202-R-0.00 through 4.02 (5), and continues to be fully accredited.
- The district, experienced a significant change with the implementation of GASB 68 in the 2014-15 school year, which required the disclosure of the PERA (Public Employees' Retirement Association) pension obligation. In 2017-18 the district was required to disclose the OPEB (Other Post-Employment Benefits) liabilities.
- In the 2014-15 school year, the Food Service Fund changed from an Enterprise Fund to a Special Revenue Fund. The district-wide financial statement no longer offers a good comparative, because there is a significant difference in the Governmental Activities due the Food Service Fund no longer being reflected as a Business Type Activity.
- The Granada RE-1 School was awarded the Best Grant in the amount of \$5,600,000.00 in 2020. The funds were used to install a generator, replace HVAC units, windows, LED light fixtures, interior doors; and upgrade plumbing and bathroom fixtures. The District acquired a lease purchase agreement in the amount of \$2,000,000.00 in order to pay the matching portion of the Best Grant. During the summer of 2021, grant funds were used to install new flooring in the common rooms and hallways.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 the Business Manager, Prowers County School District RE-1, 201 South Hoisington Street, Granada, CO 81041.

BASIC FINANCIAL STATEMENTS

PROWERS COUNTY SCHOOL DISTRICT RE-1  
STATEMENT OF NET POSITION  
June 30, 2023

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	3,298,263	3,298,263
Accounts Receivable	10,850	10,850
Receivables – Other	13,165	13,165
Grants Receivable	309,099	309,099
Property Taxes Receivable	19,650	19,650
Inventories	9,177	9,177
Capital Assets	12,310,955	12,310,955
Accumulated Depreciation	(4,789,118)	(4,789,118)
<u>Total Assets</u>	<u>11,182,041</u>	<u>11,182,041</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	883,184	883,184
Other Post Employment Benefits	25,628	25,628
<u>Total Deferred Outflow of Resources</u>	<u>908,812</u>	<u>908,812</u>
 <u>LIABILITIES</u>		
Accounts Payable	192,404	192,404
Accrued Salaries	282,318	282,318
Accrued Interest	29,764	29,764
Unearned Revenue	267,970	267,970
Long Term Liabilities:		
Due Within One Year	75,614	75,614
Due in More Than One Year	1,714,722	1,714,722
Net Pension Liability	3,725,899	3,725,899
Net OPEB Liability	126,950	126,950
<u>Total Liabilities</u>	<u>6,415,641</u>	<u>6,415,641</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	468,983	468,983
Other Post Employment Benefits	47,995	47,995
<u>Total Deferred Inflow of Resources</u>	<u>516,978</u>	<u>516,978</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	5,731,501	5,731,501
Restricted for:		
TABOR Reserve	117,000	117,000
Preschool	17,711	17,711
Food Service	3,040	3,040
Capital Outlay	-	-
Unrestricted	(711,018)	(711,018)
<u>TOTAL NET POSITION</u>	<u>5,158,234</u>	<u>5,158,234</u>

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

**PROWERS COUNTY SCHOOL DISTRICT RE-1**  
**STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2023**

		Program Revenues				
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Total	<u>Net (Expenses) Revenue and Changes in Net Position in Primary Government</u>
<b>FUNCTIONS</b>						
Instructional Services	2,056,114	-	329,629	-	(1,726,485)	(1,726,485)
Supporting Services						
Students	328,952	236,141	-	-	(92,811)	(92,811)
Instructional Staff	87,078	-	-	-	(87,078)	(87,078)
District Administration	258,236	-	-	-	(258,236)	(258,236)
School Administration	46,423	-	-	-	(46,423)	(46,423)
Business	-	-	-	-	-	-
Operation & Maintenance of Facilities	1,008,743	130,933	-	-	(877,810)	(877,810)
Transportation	165,478	-	14,623	-	(150,855)	(150,855)
Central	63,030	-	-	-	(63,030)	(63,030)
Other	42,976	-	-	-	(42,976)	(42,976)
Food Service	196,981	13,752	98,303	-	(84,926)	(84,926)
Capital Outlay	-	-	-	-	-	-
Interest and Fiscal Charges	73,126	-	-	-	(73,126)	(73,126)
Pension Change	4,070	-	-	-	(4,070)	(4,070)
OPEB Change	(18,798)	-	-	-	18,798	18,798
<b>Total Governmental Activities</b>	<u>4,312,409</u>	<u>380,826</u>	<u>442,555</u>	<u>-</u>	<u>(3,489,028)</u>	<u>(3,489,028)</u>
		<u>General Revenues</u>				
		Property Taxes Levied for General Purposes			438,311	438,311
		Specific Ownership Taxes			65,386	65,386
		Equalization			2,555,358	2,555,358
		Earnings on Investments			35,705	35,705
		Other Revenues			113,995	113,995
		<u>Total General Revenues and Transfers</u>			<u>3,208,755</u>	<u>3,208,755</u>
		Change in Net Position			(280,273)	(280,273)
		Net Position, Beginning			5,438,507	5,438,507
		Net Position, Ending			5,158,234	5,158,234

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Investments	3,026,188	104,634	167,441	3,298,263
Accounts Receivable	10,178	672	-	10,850
Grants Receivable	303,938	5,161	-	309,099
Other Receivable	13,165	-	-	13,165
Due From Other Funds	94,462	-	-	94,462
Property Taxes Receivable	19,650	-	-	19,650
Inventories	-	9,177	-	9,177
<u>Total Assets</u>	<u>3,467,581</u>	<u>119,644</u>	<u>167,441</u>	<u>3,754,666</u>
<u>LIABILITIES</u>				
Accounts Payable	188,045	-	4,359	192,404
Accrued Salaries	270,498	11,820	-	282,318
Due To Other Funds	-	94,462	-	94,462
Unearned Revenue	266,825	1,145	-	267,970
<u>Total Liabilities</u>	<u>725,368</u>	<u>107,427</u>	<u>4,359</u>	<u>837,154</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred Property Taxes	8,280	-	-	8,280
<u>FUND BALANCES</u>				
Nonspendable:				
Inventories	-	9,177	-	9,177
Restricted for:				
Emergencies	117,000	-	-	117,000
Preschool	17,711	-	-	17,711
Food Service	-	3,040	-	3,040
Capital Outlay	-	-	-	-
Committed for:				
Capital Outlay	-	-	-	-
Assigned for:				
Pupil Activities	-	-	163,082	163,082
Unassigned	2,599,222	-	-	2,599,222
<u>Total Fund Balances</u>	<u>2,733,933</u>	<u>12,217</u>	<u>163,082</u>	<u>2,909,232</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
	<u>3,467,581</u>	<u>119,644</u>	<u>167,441</u>	<u>3,754,666</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 Year Ended June 30, 2023

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

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	2,909,232
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$12,310,955 and the accumulated depreciation is \$4,789,118.	7,521,837
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.	8,280
The District’s portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(3,725,899)
The District’s portion of the net OPEB obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(126,950)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,790,336)
Accrued interest on long term debt is not reported in the funds.	(29,764)
Deferred flows for the pension and OPEB obligations is not reported in the funds:	
Net deferred pension flows	414,201
Net deferred OPEB flows	<u>(22,367)</u>
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u>5,158,234</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

	General Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Property Taxes	444,931	-	-	444,931
Specific Ownership Taxes	65,386	-	-	65,386
Earnings on Investments	34,770	149	786	35,705
Other Local Sources	203,671	13,752	236,141	453,564
State Aid	2,700,488	1,982	-	2,702,470
Federal Aid	199,122	96,321	-	295,443
Allocation to Reserves	-	-	-	-
<u>Total Revenues</u>	<u>3,648,368</u>	<u>112,204</u>	<u>236,927</u>	<u>3,997,499</u>
<u>EXPENDITURES</u>				
<u>Current:</u>				
Instructional Services	2,056,114	-	-	2,056,114
Supporting Services:				
Students	70,301	-	258,651	328,952
Instructional Staff	87,078	-	-	87,078
District Administration	258,236	-	-	258,236
School Administration	46,423	-	-	46,423
Business	-	-	-	-
Operation & Maintenance of Facilities	634,800	-	-	634,800
Transportation	138,027	-	-	138,027
Central	63,030	-	-	63,030
Other	42,976	-	-	42,976
Food Service	-	196,354	-	196,354
Debt Service:				
Principal Retirement	72,714	-	-	72,714
Interest and Fiscal Charges	74,335	-	-	74,335
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>3,544,034</u>	<u>196,354</u>	<u>258,651</u>	<u>3,999,039</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>104,334</u>	<u>(84,150)</u>	<u>(21,724)</u>	<u>(1,540)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(149,178)	88,195	60,983	-
Insurance Proceeds	41,257	-	-	41,257
<u>Total Other Financing Sources (Uses)</u>	<u>(107,921)</u>	<u>88,195</u>	<u>60,983</u>	<u>41,257</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(3,587)</u>	<u>4,045</u>	<u>39,259</u>	<u>39,717</u>
<u>FUND BALANCES – Beginning</u>	<u>2,737,520</u>	<u>8,172</u>	<u>123,823</u>	<u>2,869,515</u>
<u>FUND BALANCES – Ending</u>	<u>2,733,933</u>	<u>12,217</u>	<u>163,082</u>	<u>2,909,232</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
 For The Year Ended June 30, 2023

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

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	39,717
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful 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	49,663
Depreciation Expense	(451,684)
	(402,021)
<p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of issue costs, premiums and deferred refunding amounts are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:</p>	
Principal Payment	72,714
Accrued Interest	1,209
<p>Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred inflows in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year.</p>	
	(6,620)
<p>The statement of activities reports net pension obligation which is not reported in the fund financial statements.</p>	
Change in net pension obligation	(1,080,767)
Change in net OPEB obligation	1,022
Deferred flows from net pension obligations	1,076,697
Deferred flows from net OPEB obligations	<u>17,776</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>(280,273)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Prowers County School District RE-1 (District) conform with generally accepted accounting principles (GAAP) as applicable 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 6 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 Prowers County School District RE-1. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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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 (General Fund and Food Service Fund) 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.

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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, 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:

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D.     Fund Accounting (Continued)

• 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. Food Service Fund – this fund is used to account for all financial activities associated with the District’s school breakfast and lunch programs.

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.

F.     Receivables

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

G.     Inventories

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve 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 4, 1997 the registered voters approved a ballot resolution authorizing Prowers County School District RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J.        Constitutional Amendment (Continued)

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 \$117,000 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.

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 Prowers County was as follows:

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

L.        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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

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.

PROWERS COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2023

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M.     GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Pupil Activity Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>				
Inventories	-	-	9,177	9,177
<u>Restricted:</u>				
Emergencies	117,000	-	-	117,000
Preschool	17,711	-	-	17,711
Capital Outlay	-	-	-	-
Food Service	-	-	3,040	3,040
<u>Assigned:</u>				
Pupil Activities	-	163,082	-	163,082
<u>Unassigned</u>	<u>2,599,222</u>	<u>-</u>	<u>-</u>	<u>2,599,222</u>
<u>Total Fund Balances</u>	<u>2,733,933</u>	<u>163,082</u>	<u>12,217</u>	<u>2,909,232</u>

N.     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.

O.     GASB 96

On July 1, 2022 Prowers County School District RE-1 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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

	Items Eliminated	
	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	149,178	-
Food Service Fund	-	88,195
Pupil Activity Fund	-	60,983
	149,178	149,178
	<u>Due To</u>	<u>Due From</u>
General Fund	-	94,462
Food Service Fund	94,462	-
	94,462	94,462

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, Management 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. Management is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2023

NOTE 3    BUDGETARY INFORMATION (Continued)

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

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

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 deposits 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)	707,856	707,856
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,580,998	2,581,256
Cash with County Treasurer	9,409	-
Cash on Hand	<u>-</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>3,298,263</u>	<u>3,289,112</u>

As presented above, deposits with a bank balance of \$2,581,256 and a carrying balance of \$2,580,998 as of June 30, 2023 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 5    CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	488,022	-	-	488,022
<u>Total Capital Assets Not Being Depreciated</u>	488,022	-	-	488,022
<u>Capital Assets Being Depreciated</u>				
Buildings & Site Improvements	9,833,636	12,838	-	9,846,474
Transportation Equipment	762,091	-	-	762,091
Equipment	1,177,543	36,825	-	1,214,368
<u>Total Capital Assets Being Depreciated</u>	11,773,270	49,663	-	11,822,933
<u>Less Accumulated Depreciation for:</u>				
Building & Site Improvements	2,803,124	406,925	-	3,210,049
Transportation Equipment	729,107	27,451	-	756,558
Equipment	805,203	17,308	-	822,511
<u>Total Accumulated Depreciation</u>	4,337,434	451,684	-	4,789,118
<u>Total Capital Assets Being Depreciated, Net</u>	7,435,836	(402,021)	-	7,033,815
<u>Governmental Activities Capital Assets, Net</u>	7,923,858	(402,021)	-	7,521,837

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

Governmental Activities:

Instruction	-
Student Support	-
Instructional Support	-
General Administration Support	-
School Administration Support	-
Business Services Support	-
Operations and Maintenance	423,606
Transportation	27,451
Food Service	627
<u>Total Depreciation Expense –Governmental Activities</u>	<u>451,684</u>

NOTE 6

PENSION PLAN

**Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

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

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

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

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

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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, Prowers County School District RE-1 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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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 Prowers County School District RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Prowers County School District RE-1 were \$338,386 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 Prowers County School District RE-1 proportion of the net pension liability was based on Prowers County School District RE-1 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 Prowers County School District RE-1 reported a liability of \$3,725,899 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 Prowers County School District RE-1 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 Prowers County School District RE-1 were as follows:

Prowers County School District RE-1 proportionate share of the net pension liability	\$ 3,725,899
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Prowers County School District RE-1	\$ 1,085,765
Total	\$ 4,811,664

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2023

NOTE 6      PENSION PLAN (Continued)

At December 31, 2022, the Prowers County School District RE-1 proportion was 0.02%, which was a decrease of 0.002% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Prowers County School District RE-1 recognized pension expense of \$4,070 and revenue of \$92,588 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Prowers County School District RE-1 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	35,262	-
Changes of assumptions or other inputs	65,998	-
Net difference between projected and actual earnings on pension plan investments	500,526	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	108,248	(468,983)
Contributions subsequent to the measurement date	173,150	N/A
Total	883,184	(468,983)

\$173,150 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	(122,448)
2025	(76,333)
2026	148,697
2027	291,135
2028	-
Thereafter	-

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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%
<b>Total</b>	<b>100.00%</b>	

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

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
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 Prowers County School District RE-1 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:

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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	4,875,921	3,725,899	2,765,514

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

**Defined Contribution Pension Plans**

Voluntary Investment Program (PERAPlus 401(k) Plan)

*Plan Description* – Employees of the Prowers County School District RE-1 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$7,092.

NOTE 7      OTHER POST EMPLOYMENT BENEFITS

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

**Summary of Significant Accounting Policies**

*OPEB.* Prowers County School District RE-1 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 Prowers County School District RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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 Prowers County School District RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Prowers County School District RE-1 were \$16,936 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 Prowers County School District RE-1 reported a liability of \$126,950 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 Prowers County School District RE-1 proportion of the net OPEB liability was based on Prowers County School District RE-1 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 Prowers County School District RE-1 proportion was 0.016%, which was an increase of 0.0007% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Prowers County School District RE-1 recognized OPEB income of \$18,798. At June 30, 2023, the Prowers County School District RE-1 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	(30,701)
Changes of assumptions or other inputs	2,040	(14,011)
Net difference between projected and actual earnings on OPEB plan investments	7,754	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,152	(3,283)
Contributions subsequent to the measurement date	8,666	N/A
Total	25,628	(47,995)

\$8,666 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	(13,370)
2025	(10,987)
2026	(4,400)
2027	198
2028	(2,037)
Thereafter	(437)

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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%
<b>Total</b>	<b>100.00%</b>	

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

*Sensitivity of the Prowers County School District RE-1 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:

PROWERS COUNTY SCHOOL DISTRICT RE-1  
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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	\$123,357	\$126,950	\$130,860

\*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 Prowers County School District RE-1 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	\$147,173	\$126,950	\$109,653

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
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NOTE 9      COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

An audited summary of the Colorado School District's Pool financial information at June 30, 2022 and for 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	(3,430,315)
Dividend	<u>-</u>
Net Income	<u>(3,430,315)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>-</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>35,013,026</u>

NOTE 10      LITIGATION

None.

NOTE 11      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 12      JOINT VENTURES

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
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 June 30, 2023

NOTE 12    JOINT VENTURES (Continued)

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rate basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2022, the latest year for which complete information is available is as follows:

Assets and Deferred Outflows	<u>2,813,775</u>
Liabilities and Deferred Inflows	4,742,080
	<u>(2,528,814)</u>
Net Position	<u>2,857,875</u>
Revenues	3,533,618
Expenses	<u>(3,090,460)</u>
Excess (Deficiency)	<u>443,158</u>

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

NOTE 13    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 \$258,340. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 14    COMPENSATED ABSENCES

There is no material liability for compensated absences payable at June 30, 2023.

NOTE 15    INTERFUND BALANCES AND TRANSFERS

Transfers

<u>Major Governmental Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	94,462	-	-	149,178
<u>Non Major Governmental Funds</u>				
Pupil Activity Fund	-	-	60,983	-
Food Service Fund	-	94,462	88,195	-
	<u>94,462</u>	<u>94,462</u>	<u>149,178</u>	<u>149,178</u>

Transfers were made from the General Fund for the purpose of assisting operations.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
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NOTE 16    INVENTORIES

Food Service Fund inventories at June 30, 2023, consisted of USDA, purchased food, and non-food amounting to \$9,177. 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 17    LONG TERM DEBT

Changes in Long Term Debt:

	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Current</u> <u>Portion</u>
Equipment Lease Purchase Agreement – Series 2020	1,863,050	-	72,714	1,790,336	75,614

CAPITAL LEASE

The District entered into a capital lease arrangement with GN Bank in the year ended June 30, 2019 as part of a capital project for various school improvements. Twenty annual payments of \$147,049, which includes interest at an annual rate of 3.99%, are scheduled to begin February 1, 2021. The amount financed was \$2,000,000.

Future minimum payments follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	75,614	71,435	147,049
2025	78,632	68,417	147,049
2026	81,769	65,280	147,049
2027	85,031	62,018	147,049
2028	88,424	58,625	147,049
2029-2040	<u>1,380,866</u>	<u>383,721</u>	<u>1,764,587</u>
	<u>1,790,336</u>	<u>709,496</u>	2,499,832
Less: Amounts representing interest			<u>709,496</u>
Net Present Value of Future Minimum Payments			<u>1,790,336</u>

NOTE 18    COMPLIANCE WITH BUDGET LAWS

The following conditions were noted and may be a violation of Colorado law:

Expenditures in the Food Service Fund exceeded budgeted amounts by \$9,859.

BUDGETARY COMPARISONS

## MAJOR GOVERNMENTAL FUNDS

### General Fund

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

### Food Service Fund

This fund accounts for all financial activities associated with the Districts School Breakfast and Lunch Programs.

### Pension Trend Data

### Other Post Employment Benefits Trend Data

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES – BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2023

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	434,234	434,234	444,931	10,697
Specific Ownership Taxes	71,553	71,553	65,386	(6,167)
Earnings on Investments	18,500	18,500	34,770	16,270
Delinquent Penalty & Interest	1,700	1,700	1,165	(535)
Other	162,457	162,457	202,506	40,049
<u>State Sources</u>				
Equalization	2,426,635	2,426,635	2,555,358	128,723
Transportation	13,000	13,000	14,623	1,623
Other	18,877	18,877	130,507	111,630
<u>Federal Sources</u>				
Other	<u>957,682</u>	<u>957,682</u>	<u>199,122</u>	<u>(758,560)</u>
<b>TOTAL REVENUES</b>	<u>4,104,638</u>	<u>4,104,638</u>	<u>3,648,368</u>	<u>(456,270)</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	1,056,798	1,056,798	1,204,109	(147,311)
Employee Benefits	451,497	451,497	549,433	(97,936)
Purchased Services - Professional	51,625	51,625	133,747	(82,122)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,000	5,000	8,347	(3,347)
Supplies and Materials	1,012,947	1,012,947	152,883	860,064
Property	2,000	2,000	-	2,000
Other Objects	<u>9,000</u>	<u>9,000</u>	<u>7,595</u>	<u>1,405</u>
<u>Total Instruction</u>	<u>2,588,867</u>	<u>2,588,867</u>	<u>2,056,114</u>	<u>532,753</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	40,266	40,266	40,166	100
Employee Benefits	12,980	12,980	15,965	(2,985)
Purchased Services – Professional	18,970	18,970	14,170	4,800
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	240	240	-	240
Property	-	-	-	-
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Student Services</u>	<u>72,456</u>	<u>72,456</u>	<u>70,301</u>	<u>2,155</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Instructional Staff</u>				
Salaries	52,911	52,911	52,911	-
Employee Benefits	20,894	20,894	23,684	(2,790)
Purchased Services - Professional	600	600	-	600
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	5,180	5,180	10,483	(5,303)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>79,585</u>	<u>79,585</u>	<u>87,078</u>	<u>(7,493)</u>
<u>General Administration</u>				
Salaries	144,287	144,287	145,337	(1,050)
Employee Benefits	50,606	50,606	56,288	(5,682)
Purchased Services – Professional	27,000	27,000	27,360	(360)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	9,846	(9,846)
Supplies and Materials	7,680	7,680	14,905	(7,225)
Property	-	-	-	-
Other Objects	4,000	4,000	4,500	(500)
<u>Total General Administration</u>	<u>233,573</u>	<u>233,573</u>	<u>258,236</u>	<u>(24,663)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	33,280	33,280	29,146	4,134
Employee Benefits	16,423	16,423	16,218	205
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	600	600	1,059	(459)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>50,303</u>	<u>50,303</u>	<u>46,423</u>	<u>3,880</u>
<u>Operations and Maintenance</u>				
Salaries	133,852	133,852	141,430	(7,578)
Employee Benefits	52,631	52,631	65,401	(12,770)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	30,500	30,500	59,762	(29,262)
Purchased Services – Other	113,975	113,975	117,700	(3,725)
Supplies and Materials	151,000	151,000	211,717	(60,717)
Property	177,049	177,049	38,790	138,259
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>659,007</u>	<u>659,007</u>	<u>634,800</u>	<u>24,207</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Student Transportation</u>				
Salaries	44,992	44,992	50,979	(5,987)
Employee Benefits	14,691	14,691	21,974	(7,283)
Purchased Services - Professional	-	-	960	(960)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	22,518	22,518	28,586	(6,068)
Supplies and Materials	41,000	41,000	35,528	5,472
Property	32,000	32,000	-	32,000
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>155,201</u>	<u>155,201</u>	<u>138,027</u>	<u>17,174</u>
<u>Central Support</u>				
Salaries	23,492	23,492	28,763	(5,271)
Employee Benefits	11,247	11,247	14,909	(3,662)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	20,701	20,701	18,344	2,357
Supplies and Materials	400	400	1,014	(614)
Property	-	-	-	-
Other Objects	7,676	7,676	-	7,676
<u>Total Central Support</u>	<u>63,516</u>	<u>63,516</u>	<u>63,030</u>	<u>486</u>
<u>Other Support</u>				
Purchased Services – Other	31,951	31,951	42,976	(11,025)
<u>Total Other Support</u>	<u>31,951</u>	<u>31,951</u>	<u>42,976</u>	<u>(11,025)</u>
<u>Debt Service</u>				
Principal Retirement	-	-	72,714	(72,714)
Interest and Fiscal Charges	-	-	74,335	(74,335)
<u>Total Debt Service</u>	<u>-</u>	<u>-</u>	<u>147,049</u>	<u>(147,049)</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,345,592</u>	<u>1,345,592</u>	<u>1,487,920</u>	<u>(142,328)</u>
<u>APPROPRIATED RESERVES</u>	<u>2,978,027</u>	<u>2,978,027</u>	<u>-</u>	<u>2,978,027</u>
<u>TOTAL EXPENDITURES</u>	<u>6,912,486</u>	<u>6,912,486</u>	<u>3,544,034</u>	<u>3,368,452</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(2,807,848)</u>	<u>(2,807,848)</u>	<u>104,334</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Insurance Proceeds	-	-	41,257	41,257
Transfers	(170,179)	(170,179)	(149,178)	21,001
<u>Total Other Financing Sources (Uses)</u>	<u>(170,179)</u>	<u>(170,179)</u>	<u>(107,921)</u>	<u>62,258</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(2,978,027)</u>	<u>(2,978,027)</u>	<u>(3,587)</u>	
<u>FUND BALANCE, July 1</u>	<u>2,978,027</u>	<u>2,978,027</u>	<u>2,737,520</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>2,733,933</u>	

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOOD SERVICE – MAJOR SPECIAL REVENUE FUND  
 For the Year Ended June 30, 2023

<u>REVENUES</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Local Sources</u>			
Food Sales	32,700	12,411	(20,289)
Earnings on Investments	100	149	49
Other	1,500	1,341	(159)
<u>State Sources</u>			
School Lunches	-	1,982	1,982
<u>Federal Sources</u>			
School Lunches	55,000	93,446	38,446
Commodities	<u>9,000</u>	<u>2,875</u>	<u>(6,125)</u>
<u>Total Revenues</u>	<u>98,300</u>	<u>112,204</u>	<u>13,904</u>
 <u>EXPENDITURES</u>			
Salaries	72,236	61,937	10,299
Employee Benefits	42,959	40,308	2,651
Purchased Services – Professional	-	-	-
Purchased Services – Property	300	-	300
Purchased Services - Other	-	-	-
Supplies and Materials	70,500	91,231	(20,731)
Capital Outlay	-	-	-
Other	500	3	497
Commodities	<u>-</u>	<u>2,875</u>	<u>(2,875)</u>
<u>Total Expenditures</u>	<u>186,495</u>	<u>196,354</u>	<u>(9,859)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(88,195)	(84,150)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers from General Fund	<u>88,195</u>	<u>88,195</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>			
	-	4,045	
<u>FUND BALANCE, Beginning</u>	<u>-</u>	<u>8,172</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>12,217</u>	

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

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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)	0.0205%	0.0227%	0.0259%	0.0228%	0.0231%	0.0277%	0.0289%	0.0295%	0.0311%	0.3260%
District's proportionate share of the net pension liability (asset)	\$3,725,899	\$2,645,132	\$3,914,898	\$3,413,430	\$4,089,189	\$8,945,539	\$8,598,024	\$4,510,600	\$4,218,248	\$4,165,012
State's proportionate share of the net pension liability associated with the District**	\$1,085,765	\$303,231	-	\$432,950	\$559,141	-	-	-	-	-
District's covered payroll	\$1,660,384	\$1,494,246	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	\$1,288,102	\$1,292,632	\$1,313,583
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	224%	177%	286%	246%	316%	740%	661%	350%	326%	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%	59.20%	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.

**PROWERS COUNTY SCHOOL DISTRICT RE-1**  
**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	\$ 338,386	\$ 297,056	\$ 271,787	\$ 268,806	\$ 247,156	\$ 228,268	\$ 239,202	\$ 228,519	\$ 231,459	\$ 223,395
Contributions in relation to the contractually required contributions	<u>\$ (338,386)</u>	<u>\$ (297,056)</u>	<u>\$ (271,787)</u>	<u>\$ (268,806)</u>	<u>\$ (247,156)</u>	<u>\$ (228,268)</u>	<u>\$ (239,202)</u>	<u>\$ (228,519)</u>	<u>\$ (231,459)</u>	<u>\$ (223,395)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$1,660,384	\$1,494,246	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	\$1,288,102	\$1,292,632	\$1,313,583
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.38%	17.74%	17.91%	17.01%

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

**PROWERS COUNTY SCHOOL DISTRICT RE-1**  
**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)	0.0155%	0.0148%	0.0150%	0.0149%	0.0150%	0.0157%	0.0164%	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$126,950	\$127,972	\$142,359	\$167,836	\$204,230	\$204,278	\$212,819	-	-	-
District's covered payroll	\$1,660,384	\$1,494,246	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.65%	8.56%	10.41%	12.10%	15.80%	16.90%	16.36%	-	-	-
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.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 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	\$ 16,936	\$ 15,241	\$ 13,945	\$ 14,148	\$ 13,178	\$ 12,328	\$ 13,270	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (16,936)</u>	<u>\$ (15,241)</u>	<u>\$ (13,945)</u>	<u>\$ (14,148)</u>	<u>\$ (13,178)</u>	<u>\$ (12,328)</u>	<u>\$ (13,270)</u>	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
District's covered payroll	\$1,660,384	\$1,494,246	\$1,367,138	\$1,387,027	\$1,291,982	\$1,208,658	\$1,300,958	-	-	-
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.

INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

## NON MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

Pupil Activity Fund – This fund accounts for all financial transactions through individual school activity accounts.

PROWERS COUNTY SCHOOL DISTRICT RE-1  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 PUPIL ACTIVITY FUND - SPECIAL REVENUE FUND  
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources	160,000	236,927	76,927
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Revenues</u>	<u>160,000</u>	<u>236,927</u>	<u>76,927</u>
<u>EXPENDITURES</u>			
Salary	-	-	-
Benefits	-	-	-
Purchased Services – Professional	34,000	70,227	(36,227)
Purchased Services – Property	-	-	-
Purchased Services – Other	70,000	79,588	(9,588)
Supplies and Materials	106,000	108,836	(2,836)
Capital Outlay	-	-	-
Other	<u>142,525</u>	-	<u>142,525</u>
<u>Total Expenditures</u>	<u>352,525</u>	<u>258,651</u>	<u>93,874</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (192,525)	 (21,724)	
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfers	<u>81,984</u>	<u>60,983</u>	<u>(21,001)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>81,984</u>	<u>60,983</u>	<u>(21,001)</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 (110,541)	 39,259	
 <u>FUND BALANCE, Beginning</u>	 <u>110,541</u>	 <u>123,823</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>163,082</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**  
**Auditors Integrity Report**  
 District: 2650 - Granada RE-1  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>							
10 General Fund	2,733,097		3,473,857		3,486,732		2,716,222
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	14,423		60,590		57,302		17,711
Sub-Total	2,797,520		3,540,447		3,544,034		2,733,933
11 Charter School Fund	0		0		0		0
2026-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	6,172		200,199		196,155		12,217
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	123,823		297,910		258,652		163,082
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>2,800,516</b>		<b>4,038,757</b>		<b>3,989,441</b>		<b>2,508,232</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
6065-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34 Permanent Fund	0		0		0		0
85 Foundation	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
							<b>FINAL</b>



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
 District: 2650 - Granada RE-1  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Cash and Investments (8100-8104,8111)	3,016,780	0	0	167,441	0	0	104,634	0	0	0	0	0	0	0	0	3,288,855		
Cash with Fiscal Agent (8105)	9,409	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,409		
Taxes Receivable (8121,8122)	19,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19,650		
Interfund Loans Receivable (8131,8132)	94,462	0	17,711	0	0	0	0	0	0	0	0	0	0	0	0	112,173		
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grants Accounts Receivable (8142)	303,937	0	0	0	0	0	5,161	0	0	0	0	0	0	0	0	309,098		
Other Receivables (8151-8154,8161)	23,343	0	0	0	0	0	672	0	0	0	0	0	0	0	0	24,014		
Inventories (8171,8172,8173)	0	0	0	0	0	0	9,177	0	0	0	0	0	0	0	0	9,177		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Assets</b>	<b>3,467,580</b>	<b>0</b>	<b>17,711</b>	<b>167,441</b>	<b>0</b>	<b>0</b>	<b>119,644</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,772,376</b>		

Fiduciary

Proprietary

Governmental

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 Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	17,711	0	0	0	0	0	94,462	0	0	0	0	0	0	0	0	112,173
Other Payables (7421-7423)	188,045	0	0	4,359	0	0	0	0	0	0	0	0	0	0	0	192,405
Accrued Expenses (7461)	270,498	0	0	0	0	0	11,821	0	0	0	0	0	0	0	0	282,318
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	266,824	0	0	0	0	0	0	0	0	0	0	0	0	0	0	266,824
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	1,145	0	0	0	0	0	0	0	0	1,145
Deferred Inflow (7800)	8,280	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,280
<b>Total Liabilities</b>	<b>751,358</b>	<b>0</b>	<b>0</b>	<b>4,359</b>	<b>0</b>	<b>0</b>	<b>107,427</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>863,144</b>

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental										Proprietary					Fiduciary				
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
Non-spendable Fund Balance 6710	0	0	0	0	0	0	9,177	0	0	0	0	0	0	0	0	9,177				
Restricted Fund Balance 6720	0	0	0	0	0	0	3,039	0	0	0	0	0	0	0	0	3,039				
TABOR 3% Emergency Reserve 6721	117,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	117,000				
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Colorado Preschool Program (CPP) Reserve 6724	0	0	17,711	0	0	0	0	0	0	0	0	0	0	0	0	17,711				
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Assigned Fund Balance 6760	0	0	0	163,082	0	0	0	0	0	0	0	0	0	0	0	163,082				
Unassigned Fund Balance 6770	2,599,222	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,599,222				
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
<b>Total Fund Equity</b>	<b>2,716,222</b>	<b>0</b>	<b>17,711</b>	<b>163,082</b>	<b>0</b>	<b>0</b>	<b>12,217</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,909,232</b>				

Total Liabilities & Fund Equity	Governmental										Proprietary					Fiduciary				
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
3,467,580	0	0	17,711	167,441	0	0	119,644	0	0	0	0	0	0	0	0	3,772,376				

For Each Fund Type Do Asset=Liability+Fund Equity	Governmental										Proprietary					Fiduciary				
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes				