



**EAST OTERO SCHOOL DISTRICT R-1
LA JUNTA, COLORADO**

**FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

EAST OTERO SCHOOL DISTRICT R-1

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INDEPENDENT AUDITOR'S REPORT

Board of Education
East Otero School District R-1
La Junta, Colorado

Report on the Audit of the Financial Statements

Disclaimer of Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Otero School District R-1 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Disclaimer
Major Fund – General Fund	Disclaimer
Major Fund – Grants	Disclaimer
Major Fund – Debt Service	Disclaimer
Aggregate Remaining Fund Information	Disclaimer

We do not express an opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the governmental activities, each major fund, and the aggregate remaining fund information, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

Basis for Disclaimer of Opinion on the Governmental Activities, Each Major Fund, and the Aggregate Remaining Fund Information

We were unable to express an opinion on the governmental activities, each major fund, and the aggregate remaining fund information, because the District's accounting records were not adequate. The District's accounting records were not adequate, because 1) bank reconciliations, payroll, and other accounting records, were not properly reconciled, 2) multiple classes of transactions and account balances in the financial statements were unsubstantiated, 3) information was not provided in a timely manner, and 4) information was not available for audit procedures. As of the date of our report, management was still in the process of rectifying the deficiencies in the District's accounting records and account balances, performing various account analysis, and correcting the misstatements. As a result of these matters, we were unable to determine whether the financial statements required audit adjustments.

Responsibilities of Management for the Financial Statements

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

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

Emphasis of Matter

As described in Note 11 to the financial statements, as of and for the year ended June 30, 2023, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Substantial Doubt about the District’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District, will continue as a going concern. As discussed in Note 12 to the financial statements, the District is estimated to only have enough resources to maintain operations through June 6, 2026, unless State of Colorado audit requirements are fulfilled and significant changes are made to the District’s future financial plan and operations. Management’s evaluation of the events and conditions and management’s plans regarding those matters also are described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the District’s financial statements in accordance with generally accepted auditing standards and to issue an auditor’s report. However, because of the matter described in the Basis for Disclaimer of Opinion on the governmental activities, each major fund, and the aggregate remaining fund information section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because the audit opinion was disclaimed and information was not available. We do not express an opinion or provide any assurance on the information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund statements and budgetary comparison schedules listed in the table of contents 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 the 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, except for the effects on the supplementary information of the disclaimer of an opinion on the basic financial statements as explained in the Basis for Disclaimer of an Opinion section, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

April 24, 2026
Bailey, Colorado

BASIC FINANCIAL STATEMENTS

EAST OTERO SCHOOL DISTRICT R-1

STATEMENT OF NET POSITION

June 30, 2024

	<u>PRIMARY</u> <u>GOVERNMENT</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 7,725,798
Accounts Receivable	506,827
Taxes Receivable	2,100,822
Grants Receivable	347,680
Inventory	31,307
Capital Assets, <i>Not Being Depreciated</i>	797,520
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>20,536,634</u>
TOTAL ASSETS	<u><u>32,046,588</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	9,525,504
OPEB, <i>Net of Accumulated Amortization</i>	<u>236,033</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>9,761,537</u></u>
LIABILITIES	
Accounts Payable	317,093
Accrued Salaries and Benefits	771,355
Other Liabilities	389,054
Accrued Interest Payable	6,386
Unearned Revenue	57,624
Noncurrent Liabilities	
Due Within One Year	375,000
Due in More Than One Year	2,270,464
Net Pension Liability	29,136,766
Net OPEB Liability	<u>703,535</u>
TOTAL LIABILITIES	<u><u>34,027,277</u></u>
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	799,057
OPEB, <i>Net of Accumulated Amortization</i>	<u>218,796</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>1,017,853</u></u>
NET POSITION	
Net Investment in Capital Assets	19,653,086
Restricted for:	
Emergencies	565,140
Debt Service	1,296,255
Food Service	572,304
Preschool	65,968
Unrestricted	<u>(15,389,758)</u>
TOTAL NET POSITION	<u><u>\$ 6,762,995</u></u>

EAST OTERO SCHOOL DISTRICT R-1
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	PROGRAM REVENUES			CAPITAL	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT	OPERATING			GRANTS AND	PRIMARY GOVERNMENT
Governmental Activities	EXPENSES	CHARGES FOR SERVICES	CONTRIBUTIONS	CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Instruction	\$ 17,581,285	\$ -	\$ 2,139,544	\$ -	\$ (15,441,741)
Supporting Services	11,223,745	422,293	2,078,977	129,139	(8,593,336)
Food Services	1,233,240	87,253	1,207,516	-	61,529
Interest on Long-Term Debt	<u>88,850</u>	-	-	-	<u>(88,850)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 30,127,120</u>	<u>\$ 509,546</u>	<u>\$ 5,426,037</u>	<u>\$ 129,139</u>	<u>(24,062,398)</u>
GENERAL REVENUES					
Local Property Taxes					2,681,637
Specific Ownership Taxes					371,808
State Equalization					12,595,429
Investment Income					199,656
Other					<u>374,484</u>
TOTAL GENERAL REVENUES					<u>16,223,014</u>
CHANGE IN NET POSITION					(7,839,384)
NET POSITION, Beginning, as Originally Stated					14,460,218
Restatement - Corrections of Errors					<u>142,161</u>
NET POSITION, Beginning, as Restated					<u>14,602,379</u>
NET POSITION, Ending					<u>\$ 6,762,995</u>

See Notes to the Financial Statements.

EAST OTERO SCHOOL DISTRICT R-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL	GRANTS	DEBT SERVICE
ASSETS			
Cash and Investments	\$ 3,935,577	\$ 1,265,539	\$ 1,302,641
Accounts Receivable	268,956	-	-
Grants Receivable	254,797	-	-
Taxes Receivable	1,787,854	-	312,968
Inventory	-	-	-
Interfund Receivables	10,332	-	-
	<u>6,257,516</u>	<u>1,265,539</u>	<u>1,615,609</u>
TOTAL ASSETS	\$ 6,257,516	\$ 1,265,539	\$ 1,615,609
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 305,290	\$ 11,803	\$ -
Accrued Salaries and Benefits	717,167	54,188	-
Other Payables	-	389,054	-
Interfund Payables	25,418	-	-
Unearned Revenue	-	57,624	-
	<u>1,047,875</u>	<u>512,669</u>	<u>-</u>
TOTAL LIABILITIES	1,047,875	512,669	-
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,737,449	-	312,968
	<u>1,737,449</u>	<u>-</u>	<u>312,968</u>
FUND BALANCES			
Restricted for:			
Emergencies	565,140	-	-
Preschool	65,968	-	-
Debt Service	-	-	1,302,641
Food Service	-	-	-
Grants	-	752,870	-
Assigned to:			
Capital Projects	-	-	-
Student Activities	-	-	-
Unassigned	2,841,084	-	-
	<u>3,472,192</u>	<u>752,870</u>	<u>1,302,641</u>
TOTAL FUND BALANCES	3,472,192	752,870	1,302,641
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,257,516	\$ 1,265,539	\$ 1,615,609

	NONMAJOR GOVERNMENTAL		
BUILDING	FUNDS	TOTAL	
\$ -	\$ 1,222,041	\$ 7,725,798	
-	237,871	506,827	
-	92,883	347,680	
-	-	2,100,822	
-	31,307	31,307	
-	25,418	35,750	
<u>\$ -</u>	<u>\$ 1,609,520</u>	<u>\$ 10,748,184</u>	
\$ -	\$ -	\$ 317,093	
-	-	771,355	
-	-	389,054	
-	10,332	35,750	
-	-	57,624	
<u>-</u>	<u>10,332</u>	<u>1,570,876</u>	
<u>-</u>	<u>-</u>	<u>2,050,417</u>	
-	-	565,140	
-	-	65,968	
-	-	1,302,641	
-	572,304	572,304	
-	-	752,870	
-	964,396	964,396	
-	62,488	62,488	
-	-	2,841,084	
<u>-</u>	<u>1,599,188</u>	<u>7,126,891</u>	
<u>\$ -</u>	<u>\$ 1,609,520</u>	<u>\$ 10,748,184</u>	

EAST OTERO SCHOOL DISTRICT R-1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$	7,126,891
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		21,334,154
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		2,050,417
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Compensated Absences		(35,464)
Accrued Interest Payable		(6,386)
Bonds Payable		(2,610,000)
Net Pension Liability		(29,136,766)
Pension-Related Deferred Outflows of Resources		9,525,504
Pension-Related Deferred Inflows of Resources		(799,057)
Net OPEB Liability		(703,535)
OPEB-Related Deferred Outflows of Resources		236,033
OPEB-Related Deferred Inflows of Resources		(218,796)
		(29,438,427)
Total Net Position of Governmental Activities	\$	6,762,995

EAST OTERO SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	GRANTS	DEBT SERVICE
REVENUES			
Local Sources	\$ 1,349,406	2,540	\$ 241,116
County Sources	203	-	-
State Sources	13,119,065	340,768	-
Federal Sources	-	3,354,117	-
	14,468,674	3,697,425	241,116
TOTAL REVENUES	14,468,674	3,697,425	241,116
EXPENDITURES			
Current			
Instruction	9,162,385	1,351,650	-
Supporting Services	6,994,972	1,592,905	-
Food Services	-	-	-
Capital Outlay	145,254	-	-
Debt Service			
Principal	-	-	360,000
Interest and Fiscal Charges	-	-	82,464
	16,302,611	2,944,555	442,464
TOTAL EXPENDITURES	16,302,611	2,944,555	442,464
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,833,937)	752,870	(201,348)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(500,000)	-	-
	(500,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(500,000)	-	-
CHANGES IN FUND BALANCES	(2,333,937)	752,870	(201,348)
FUND BALANCES, Beginning, as Originally Stated	5,723,960	-	1,499,160
Reclassification of Building Fund	-	-	-
Restatement - Correction of an Error	82,169	-	4,829
	5,806,129	-	1,503,989
FUND BALANCES, Beginning, as Restated	5,806,129	-	1,503,989
FUND BALANCES, Ending	\$ 3,472,192	752,870	1,302,641

	NONMAJOR GOVERNMENTAL		
BUILDING	FUNDS	TOTAL	
\$ -	\$ 622,588	\$ 2,215,650	
-	-	203	
-	37,761	13,497,594	
-	1,169,755	4,523,872	
-	1,830,104	20,237,319	
-	486,094	11,000,129	
-	-	8,587,877	
-	1,229,647	1,229,647	
-	350,522	495,776	
-	-	360,000	
-	-	82,464	
-	2,066,263	21,755,893	
-	(236,159)	(1,518,574)	
-	500,000	500,000	
-	-	(500,000)	
-	500,000	-	
-	263,841	(1,518,574)	
561,017	774,330	8,558,467	
(561,017)	561,017	-	
-	-	86,998	
-	1,335,347	8,645,465	
-	1,599,188	\$ 7,126,891	

EAST OTERO SCHOOL DISTRICT R-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	(1,518,574)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:		
Depreciation Expense		(1,437,873)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		
		2,050,417
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
		360,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Interest Payable		(6,386)
Compensated Absences		28,144
Net Pension Liability		(7,645,918)
Pension-Related Deferred Outflows of Resources		(169,245)
Pension-Related Deferred Inflows of Resources		(799,057)
Net OPEB Liability		28,808
OPEB-Related Deferred Outflows of Resources		131,517
OPEB-Related Deferred Inflows of Resources		39,137
		39,137
Change in Net Position of Governmental Activities	\$	(7,839,384)

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the East Otero School District R-1 (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District. The financial statements of the District do not include any separately administered organizations.

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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

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

Separate financial statements are provided for the governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The *Grants Fund* is used to account for revenues and expenditures from federal, state, and local grants awarded to the District.

The *Debt Service Fund* is used to account for the proceeds of specific revenue sources that are legally restricted for the payment of general obligation debt.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Cash and Investments – The District maintains separate bank accounts and investments within each fund. Investments are reported at fair value. For purposes of the statement of fiduciary net position, cash equivalents include investments with original maturities of three months or less.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Interfund Receivables and Payables – Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*.

Inventory – Food Service Fund inventory is recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventory is stated at cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Site Improvements	15 – 40 years
Equipment and Vehicles	5 – 12 years
Food Service Equipment	5 – 10 years

Deferred Outflows of Resources – This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Unearned Revenue – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Inflows of Resources – This separate financial statement element represents an acquisition of net assets by the District that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Personnel accrue leave days based on the number of days worked in a year. These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Pensions – The District participates in the School Division Trust Fund (SDTF), 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, and additions to and deductions from the SDTF’s fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan 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, and additions to and deductions from the HCTF’s fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Net Position/Fund Balances – In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent and his designee the authority to assign fund balances to be used for specific purposes.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer’s Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments

At June 30, 2024, the District had the following cash and investments:

Cash on Hand	\$	310
Deposits		5,344,655
Investments		2,380,833
		2,380,833
Total	\$	7,725,798

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of \$5,076,467 collateralized with securities held by the financial institution’s agent but not in the District’s name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

At June 30, 2024, the District had the following investments:

Investment Type	Rating	Fair Value	Maturity Less Than One Year	Levels
Local Government Pools	N/A	1,078,192	1,078,192	NAV
Fidelity Institutional Money Market - Government	Aaa-Mf	1,302,641	1,302,641	2
Total Investments		\$ 2,380,833	\$ 2,380,833	

Fair Value Measurements - At June 30, 2024, the District’s investments in the local government investment pool reported at the net asset value per share.

The fair value measurements are categorized by the fair value hierarchy. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1, which is the highest priority, to Level 3, which is the lower priority and are based on the following criteria:

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are observable.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

The District's investment of \$1,302,641 in the Fidelity Institutional Money Market – Government Fund was rated Aaa-mf by Moody's Rating Agency, a nationally recognized statistical rating organization (NSRO).

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At June 30, 2024, the District had \$1,078,192 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust is limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Interfund Balances and Transfers

At June 30, 2024, the General Fund collected grant reimbursements on behalf of the Food Service Fund for \$25,418 and owed the balance to the Food Service Fund. The General Fund temporarily subsidized \$10,332 to the Student Activity Fund. These amounts were repaid after year end.

During the year ended June 30, 2024, the General Fund transferred \$500,000 to the Capital Projects Fund to finance future capital projects.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4: Capital Assets

Capital asset activity for the year ended June 30, 2024, is summarized as follows:

	Balances, Restated 6/30/2023	Additions	Deletions	Balances 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 257,210	\$ -	\$ -	\$ 257,210
Construction in Progress	94,952	445,358	-	540,310
Total Capital Assets, Not Being Depreciated	<u>257,210</u>	<u>445,358</u>	<u>-</u>	<u>797,520</u>
Capital Assets, Being Depreciated:				
Land Improvements	711,598	-	-	711,598
Leasehold Improvements	211,371	-	-	211,371
Buildings and Improvements	41,150,138	99,490	-	41,249,628
Equipment and Vehicles	3,305,328	554,798	-	3,860,126
Total Capital Assets, Being Depreciated	<u>45,378,435</u>	<u>654,288</u>	<u>-</u>	<u>46,032,723</u>
Less Accumulated Depreciation:				
Land Improvements	(579,110)	(16,055)	-	(595,165)
Leasehold Improvements	(21,137)	(7,046)	-	(28,183)
Buildings and Improvements	(20,903,563)	(1,170,715)	-	(22,074,278)
Equipment and Vehicles	(2,554,406)	(244,057)	-	(2,798,463)
Total Accumulated Depreciation	<u>(24,058,216)</u>	<u>(1,437,873)</u>	<u>-</u>	<u>(25,496,089)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,320,219</u>	<u>(783,585)</u>	<u>-</u>	<u>20,536,634</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,577,429</u>	<u>\$ (338,227)</u>	<u>\$ -</u>	<u>\$ 21,334,154</u>

Depreciation expense of the governmental activities was charged to programs of the District as follows:

Instruction	\$ 1,075,710
Supporting Services	358,570
Food Service	3,593
Total	<u>\$ 1,437,873</u>

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2024.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Governmental Activities					
GO Bond, Series 2018A	\$ 2,195,000	\$ -	\$ 215,000	\$ 1,980,000	\$ 225,000
GO Bond, Series 2018B	775,000	-	145,000	630,000	150,000
Compensated Absences	63,608	-	28,144	35,464	35,464
Total Long-Term Debt	<u>\$ 3,033,608</u>	<u>\$ -</u>	<u>\$ 388,144</u>	<u>\$ 2,645,464</u>	<u>\$ 410,464</u>

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 5: Long-Term Debt (Continued)

On January 23, 2018, the District issued General Obligation Refunding Bonds, Series 2018A, in the amount of \$3,200. Principal payments are due annually on December 15th, through 2031. Interest payments are due semi-annually on June 15th and December 15th, with interest rate of 2.9% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

On January 23, 2018, the District issued General Obligation Bonds, Series 2018B, in the amount of \$1,440,000 to advance refund the outstanding 2008 General Obligation Bonds. Principal payments are due annually on December 15, through 2027. Interest payments are due semi-annually on June 15th and December 15th, with interest accruing at rates ranging from 4.5% to 5.5% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

Refunding proceeds of \$1,440,000 along with \$1,900,000 from Debt Service Fund less loan issue costs of \$82,144, in the amount of \$3,257,856, was deposited with an escrow agent to provide debt service payments of \$3,145,000 in principal and \$1,088,888 in interest on 2008 Series Bonds. As a result, the 2008 bonds are considered to be removed and the liability for the issue has been removed from the District financial statements.

Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 375,000	\$ 71,085	\$ 446,085
2026	385,000	59,836	444,836
2027	395,000	48,290	443,290
2028	410,000	36,374	446,374
2039	250,000	26,680	276,680
2030-2032	795,000	35,163	830,163
Total	<u>\$ 2,610,000</u>	<u>\$ 277,428</u>	<u>\$ 2,887,428</u>

NOTE 6: Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Benefits Provided as of December 31, 2023 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2024 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The District's contributions to the SDTF for the year ended June 30, 2024, were \$2,636,872, equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added CRS § 24-51-414(9) provides compensatory payment of \$14.561 million for 2023 only.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

The net pension liability was measured at December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2023.

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2023, the District's proportion was 0.1647688192%, which was an increase of 0.0467486130% from its proportion measured at December 31, 2023.

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 29,136,766
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>638,883</u>
Total	<u>\$ 29,775,649</u>

For the year ended June 30, 2024, the District recognized pension expense of \$10,324,144. At June 30, 2024, the District 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
Differences between expected and actual experience	\$ 1,381,637	\$ -
Net difference between projected and actual earnings on plan investments	2,088,653	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,994,286	799,057
Contributions subsequent to the measurement date	<u>1,060,928</u>	<u>-</u>
Total	<u>\$ 9,525,504</u>	<u>\$ 799,057</u>

District contributions subsequent to the measurement date of \$1,060,928 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Year Ended June 30,

2025	\$	2,121,314
2026		3,468,461
2027		2,658,118
2028		(582,374)
Total	\$	7,665,519

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following 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 plan investment expenses, including price inflation		7.25%
Discount rate		7.25%
Post-retirement benefit increases:		
Hired prior to 1/1/07		
thereafter, compounded annually		1.00%
Hired after 12/31/06		Financed by the AIR

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) 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.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

The actuarial assumptions used in the December 31, 2022, 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 and asset/liability studies performed every three to five years for PERA. Recently this assumption has been reviewed more frequently. 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 weighing 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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 total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied to 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%.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- District 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, required adjustments resulting from the 2018 and 2020 AAP assessments. District 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 District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 38,960,703	\$ 29,136,766	\$ 20,944,791

Pension Plan Fiduciary Net Position - Detailed information about the SDTF’s fiduciary net position is available in PERA’s separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees’ Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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 carryout the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating 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). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member’s years of service credit.

CRS § 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State 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 on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District’s contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District’s apportionment to the HCTF for the year ended June 30, 2024, was \$131,973, equal to the required amount.

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

At June 30, 2024, the District reported a net OPEB liability of \$703,535, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers.

At December 31, 2023, the District’s proportion was 0.0985721611%, which was an increase of 0.0088770535% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$50,032). At June 30, 2024, the District 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
Differences between expected and actual experience	\$ -	\$ 144,199
Changes of assumptions and other inputs	8,273	74,597
Net difference between projected and actual earnings on plan investments	21,762	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	152,900	-
Contributions subsequent to the measurement date	53,098	-
Total	\$ 236,033	\$ 218,796

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

District contributions subsequent to the measurement date of \$58,098 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>		
2025	\$	(45,774)
2026		(12,791)
2027		13,818
2028		(4,355)
2029		8,213
2030		5,028
Total	<u>\$</u>	<u>(35,861)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

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 OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under CRS § 24-51-313, of Tri-County Health Department (Tri-County 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 fiduciary net position as of the December 31, 2022, measurement date.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 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 to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and Older	0.0%	0.0%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	\$ 1,901	\$ 1,573	\$ 650	\$ 538	\$ 2,149	\$ 1,778
75	\$ 2,100	\$ 1,653	\$ 718	\$ 566	\$ 2,374	\$ 1,869

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,469	\$ 5,373	\$ 4,198	\$ 3,487	\$ 6,719	\$ 5,581
70	\$ 7,266	\$ 6,011	\$ 4,715	\$ 3,900	\$ 7,546	\$ 6,243
75	\$ 8,026	\$ 6,319	\$ 5,208	\$ 4,101	\$ 8,336	\$ 6,563

The 2022 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Measurement Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 6).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2023 plan year. The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status from actuary’s claims data warehouse. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, 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 performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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, 2023, 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%.
- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the HCTF's fiduciary net position 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 total OPEB liability. 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.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 683,343</u>	<u>\$ 703,535</u>	<u>\$ 725,500</u>

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

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 830,963</u>	<u>\$ 703,535</u>	<u>\$ 594,520</u>

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports

NOTE 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self Insurance Pool for all risks of loss except workers' compensation, for which it utilizes a commercial insurance carrier.

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 9: Commitments and Contingencies

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. 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. At June 30, 2024, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

In November 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$565,140.

Litigation

The District from time to time is involved in various legal matters. In the opinion of the District's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the District.

NOTE 10: Joint Governed Organization

The District, in conjunction with other surrounding districts, participates in the Santa Fe Trail Board of Cooperative Educational Services (SFTBOCES). The SFTBOCES is an organization that provides member districts educational services at a shared lower cost per district. The SFTBOCES board is comprised of one member from each participating district. Separate financial statements for the SFTBOCES are available at 405 Santa Fe Avenue, P.O. Box 980, La Junta, CO 81050 or online at <https://www.sftboces.org/>.

NOTE 11: Restatement – Corrections of Errors

At June 30, 2024, the District identified corrections of errors to the beginning net position and fund balance in the governmental activities and major funds. This includes corrections to the beginning fund balances of the General Fund and Debt Service Fund and the beginning Net Position of the Governmental Activities. The corrections of errors were related to property tax accrual and accumulated depreciation at June 30, 2023. The District's restated net position and fund balances for the corrections of errors for the fiscal year ended June 30, 2023, was summarized as follows:

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 11: Restatement – Corrections of Errors (Continued)

	General Fund	Debt Service Fund	Total Governmental Funds	Governmental Activities
Governmental Activities				
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 5,723,960	\$ 1,499,160	\$ 8,558,467	\$ 14,460,218
Property Taxes Receivable	82,169	4,829	86,998	86,998
Accumulated Depreciation	-	-	55,163	55,163
Net Position/Fund Balance, Beginning, as Restated	<u>\$ 5,806,129</u>	<u>\$ 1,503,989</u>	<u>\$ 8,700,628</u>	<u>\$ 14,602,379</u>

At June 30, 2024, the District reclassified the Building Fund from a major to a nonmajor fund, based on the major funds calculation, as required by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In addition, the reporting of the reclassification from major funds to nonmajor funds complied with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

NOTE 12: Substantial Doubt About the District's Ability to Continue as a Going Concern

The District's operations had substantial doubt about the ability to continue as a going concern as of June 30, 2024. At March 31, 2026, the District had an estimated cash and investments balance of \$3,907,369, which was estimated to provide resources for the District through June 6, 2026. This situation has primarily resulted from overspending resources and violation of State of Colorado statutes due to delays in the audit processes relating to fiscal year ended June 30, 2024, and June 30, 2025. These delays and violations required the Office of the State Auditor to direct the Otero County Treasurer to partially withhold District's property tax revenue for the fiscal year ended June 30, 2024, and June 30, 2025, to comply with State of Colorado statutes. The District is addressing this situation by reducing future budgeted expenditures and complying with the audit requirements.

REQUIRED SUPPLEMENTARY INFORMATION

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Property Taxes	\$ 2,175,686	\$ 526,174	\$ (1,649,512)
Specific Ownership Taxes	338,020	307,946	(30,074)
Investment Income	10,000	123,052	113,052
Miscellaneous	90,000	392,234	302,234
County Sources	-	203	203
State Grants	12,038,644	13,119,065	1,080,421
TOTAL REVENUES	14,652,350	14,468,674	(183,676)
EXPENDITURES			
Current			
Instruction	9,016,125	9,162,385	(146,260)
Supporting Services			
Students	528,720	1,066,193	(537,473)
Instructional Staff	108,310	132,724	(24,414)
General Administration	488,721	441,891	46,830
School Administration	1,310,693	1,527,533	(216,840)
Business Services	52,044	122,574	(70,530)
Operations and Maintenance	2,378,993	2,001,967	377,026
Student Transportation	485,531	485,839	(308)
Central Support	837,627	967,541	(129,914)
Other Support	408,052	248,710	159,342
Total Supporting Services	6,598,691	6,994,972	(396,281)
Capital Outlay	235,396	145,254	90,142
TOTAL EXPENDITURES	15,850,212	16,302,611	(452,399)

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,197,862)	(1,833,937)	(636,075)
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	200,000	-	(200,000)
Transfers Out	(1,720,628)	(500,000)	1,220,628
TOTAL OTHER FINANCING SOURCES (USES)	(1,520,628)	(500,000)	1,020,628
CHANGE IN FUND BALANCE	(2,718,490)	(2,333,937)	384,553
FUND BALANCE, Beginning, as Originally Stated	-	5,723,960	5,723,960
Restatement - Correction of an Error	-	82,169	82,169
FUND BALANCE, Beginning, as Restated	-	5,806,129	5,806,129
FUND BALANCE, Ending	\$ (2,718,490)	\$ 3,472,192	\$ 6,190,682

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2024

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Grants	\$ 24,705	\$ 2,540	\$ (22,165)
State Grants	333,625	340,768	7,143
Federal Grants	<u>6,435,971</u>	<u>3,354,117</u>	<u>(3,081,854)</u>
 TOTAL REVENUES	 <u>6,794,301</u>	 <u>3,697,425</u>	 <u>(3,096,876)</u>
EXPENDITURES			
Current			
Instruction	4,427,764	1,351,650	3,076,114
Supporting Services	<u>3,853,109</u>	<u>1,592,905</u>	<u>2,260,204</u>
 TOTAL EXPENDITURES	 <u>8,280,873</u>	 <u>2,944,555</u>	 <u>5,336,318</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(1,486,572)</u>	 <u>752,870</u>	 <u>2,239,442</u>
OTHER FINANCING SOURCES			
Transfers In	<u>1,215,000</u>	<u>-</u>	<u>(1,215,000)</u>
 CHANGE IN FUND BALANCE	 (271,572)	 752,870	 1,024,442
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ (271,572)</u>	<u>\$ 752,870</u>	<u>\$ 1,024,442</u>

EAST OTERO SCHOOL DISTRICT R-1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.1647688192%	0.1180202062%	0.1272862444%	0.1412073744%
District's Proportionate Share of the Net Pension Liability	\$ 29,136,766	21,490,848	\$ 13,289,315	\$ 21,347,707
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>638,883</u>	<u>6,262,649</u>	<u>1,698,094</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>29,775,649</u>	<u>27,753,497</u>	<u>\$ 14,987,409</u>	<u>\$ 21,347,707</u>
District's Covered Payroll	\$ 10,892,693	\$ 9,101,946	\$ 7,954,985	\$ 7,524,988
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	236%	167%	284%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	75%	67%	65%
 FISCAL YEAR				
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 2,636,872	1,935,361	\$ 1,581,451	\$ 1,495,792
Contributions in Relation to the Statutorily Required Contribution	<u>(2,636,872)</u>	<u>(1,935,361)</u>	<u>(1,581,451)</u>	<u>(1,495,792)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,938,517	9,496,361	\$ 7,954,985	\$ 7,524,988
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.1229874897%	0.1183994708%	0.1300300689%	0.1283692426%	0.1274431130%	0.1397809826%
\$ 18,374,064	\$ 20,965,058	\$ 42,047,103	\$ 38,220,488	\$ 19,491,524	\$ 18,945,018
<u>2,330,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 20,704,580</u>	<u>\$ 20,965,058</u>	<u>\$ 42,047,103</u>	<u>\$ 38,220,488</u>	<u>\$ 19,491,524</u>	<u>\$ 18,945,018</u>
\$ 7,589,728	\$ 6,796,403	\$ 6,210,436	\$ 5,815,736	\$ 5,696,167	\$ 5,822,142
242%	308%	677%	657%	342%	325%
57%	44%	43%	59%	63%	64%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 1,470,803	\$ 1,300,153	\$ 1,172,677	\$ 1,069,003	\$ 1,010,077	\$ 982,214
<u>(1,470,803)</u>	<u>(1,300,153)</u>	<u>(1,172,677)</u>	<u>(1,069,003)</u>	<u>(1,010,077)</u>	<u>(982,214)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,589,728	\$ 6,796,403	\$ 6,210,436	\$ 5,815,736	\$ 56,961,267	\$ 5,822,142
19.38%	19.13%	18.88%	18.38%	1.77%	16.87%

EAST OTERO SCHOOL DISTRICT R-1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2024

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
District's Proportion of the Net OPEB Liability	0.0985721611%	0.0896951076%	0.0831082399%	0.0816776536%
District's Proportionate Share of the Net OPEB Liability	\$ 703,535	\$ 732,343	\$ 719,139	\$ 903,228
District's Covered Payroll	\$ 10,892,693	\$ 9,101,946	\$ 7,954,985	\$ 7,524,988
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6.46%	8.05%	9.04%	12.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	33%	24%
FISCAL YEAR	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 131,973	\$ 96,862	\$ 81,140	\$ 77,415
Contributions in Relation to the Statutorily Required Contribution	<u>(131,973)</u>	<u>(96,862)</u>	<u>(81,140)</u>	<u>(77,415)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,938,517	\$ 9,496,361	\$ 7,954,985	\$ 7,524,988
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.03%

This schedule is presented to show information for 10 years.
Information will be presented for the years it is available.

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0803585017%	0.0769603037%	0.0738825766%
\$ 1,047,077	\$ 960,178	\$ 946,036
\$ 7,589,728	\$ 6,796,403	\$ 6,210,436
13.80%	14.13%	15.23%
17%	18%	17%
<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 69,323	\$ 63,346	\$ 58,040
<u>(69,323)</u>	<u>(63,346)</u>	<u>(58,040)</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 7,589,728	\$ 6,796,403	\$ 6,210,436
0.91%	0.93%	0.93%

EAST OTERO SCHOOL DISTRICT R-1
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the School Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget 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. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

Budgetary Compliance

During the year ended June 30, 2024, the General Fund actual expenditures exceeded budgeted expenditures by \$452,399. This may be a violation of state statutes.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

STDF Plan - Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

HCTF Plan - As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES**

EAST OTERO SCHOOL DISTRICT R-1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	FOOD SERVICE	STUDENT ACTIVITY	BUILDING
ASSETS			
Cash and Investments	\$ 421,496	\$ 72,820	\$ 383,419
Accounts Receivable	1,200	-	236,671
Grants Receivable	92,883	-	-
Inventories	31,307	-	-
Interfund Receivables	25,418	-	-
TOTAL ASSETS	\$ 572,304	\$ 72,820	\$ 620,090
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Interfund Payables	-	10,332	-
FUND BALANCES			
Restricted for Food Service	572,304	-	-
Assigned to:			
Capital Projects	-	-	620,090
Student Activities	-	62,488	-
TOTAL FUND BALANCES	572,304	62,488	620,090
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 572,304	\$ 72,820	\$ 620,090

<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
\$ 344,306	\$ 1,222,041
-	237,871
-	92,883
-	31,307
-	25,418
\$ 344,306	\$ 1,609,520
-	10,332
-	572,304
344,306	964,396
-	62,488
344,306	1,599,188
\$ 344,306	\$ 1,609,520

EAST OTERO SCHOOL DISTRICT R-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	FOOD SERVICE	STUDENT ACTIVITY	BUILDING
REVENUES			
Local Sources	\$ 87,253	\$ 401,800	\$ 133,535
State Sources	37,761	-	-
Federal Sources	1,169,755	-	-
	1,294,769	401,800	133,535
TOTAL REVENUES	1,294,769	401,800	133,535
EXPENDITURES			
Current			
Instruction	-	486,094	-
Food Services	1,229,647	-	-
Capital Outlay	22,541	-	74,462
	1,252,188	486,094	74,462
TOTAL EXPENDITURES	1,252,188	486,094	74,462
EXCESS REVENUES OVER (UNDER) EXPENDITURES	42,581	(84,294)	59,073
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
CHANGES IN FUND BALANCES	42,581	(84,294)	59,073
FUND BALANCES, Beginning, as Originally Stated	529,723	146,782	-
Reclassification from Major to Nonmajor	-	-	561,017
	529,723	146,782	561,017
FUND BALANCES, Ending, as Restated	\$ 529,723	\$ 146,782	\$ 561,017
FUND BALANCES, Ending	\$ 572,304	\$ 62,488	\$ 620,090

<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
\$ -	\$ 622,588
-	37,761
-	1,169,755
<u>-</u>	<u>1,830,104</u>
-	486,094
-	1,229,647
<u>253,519</u>	<u>350,522</u>
<u>253,519</u>	<u>2,066,263</u>
<u>(253,519)</u>	<u>(236,159)</u>
<u>500,000</u>	<u>500,000</u>
246,481	263,841
97,825	774,330
<u>-</u>	<u>561,017</u>
\$ <u>97,825</u>	\$ <u>1,335,347</u>
\$ <u><u>344,306</u></u>	\$ <u><u>1,599,188</u></u>

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ 22,000	\$ 87,253	\$ 65,253
State Grants	6,500	37,761	31,261
Federal Grants	890,000	1,169,755	279,755
TOTAL REVENUES	918,500	1,294,769	376,269
EXPENDITURES			
Current			
Purchased Services	855,100	741,624	113,476
Supplies and Materials	360,350	431,037	(70,687)
Other	10,000	56,986	(46,986)
Capital Outlay	60,000	22,541	37,459
TOTAL EXPENDITURES	1,285,450	1,252,188	33,262
CHANGE IN FUND BALANCE	(366,950)	42,581	409,531
FUND BALANCE, Beginning	-	529,723	529,723
FUND BALANCE, Ending	\$ (366,950)	\$ 572,304	\$ 939,254

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2024

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Sources			
Contributions	\$ 156,925	\$ 401,800	\$ 244,875
Investment Earnings	15	-	(15)
	<u>156,940</u>	<u>401,800</u>	<u>244,860</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	184,942	486,094	(301,152)
CHANGE IN FUND BALANCE	(28,002)	(84,294)	(56,292)
FUND BALANCE, Beginning	<u>-</u>	<u>146,782</u>	<u>146,782</u>
FUND BALANCE, Ending	<u>\$ (28,002)</u>	<u>\$ 62,488</u>	<u>\$ 90,490</u>

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Property Taxes	\$ 462,110	\$ 105,046	\$ (357,064)
Specific Ownership Taxes	110,000	63,862	(46,138)
Investment Income	250	72,208	71,958
TOTAL REVENUES	<u>572,360</u>	<u>241,116</u>	<u>(331,244)</u>
EXPENDITURES			
Debt Service			
Principal	340,000	360,000	(20,000)
Interest	130,000	81,964	48,036
Fees and Charges	1,000	500	500
TOTAL EXPENDITURES	<u>471,000</u>	<u>442,464</u>	<u>28,536</u>
CHANGE IN FUND BALANCE	101,360	(201,348)	(302,708)
FUND BALANCE, Beginning, as Originally Stated	-	1,499,160	1,499,160
Restatement - Correction of an Error	-	4,829	4,829
FUND BALANCE, Beginning, as Restated	<u>-</u>	<u>1,503,989</u>	<u>1,503,989</u>
FUND BALANCE, Ending	<u>\$ 101,360</u>	<u>\$ 1,302,641</u>	<u>\$ 1,201,281</u>

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Investment Income	\$ -	\$ 4,396	\$ 4,396
Miscellaneous	-	129,139	129,139
State Sources			
BEST Grant	1,600,000	-	(1,600,000)
 TOTAL REVENUES	 1,600,000	 133,535	 (1,466,465)
EXPENDITURES			
Current			
Capital Outlay	1,600,000	74,462	1,525,538
 TOTAL EXPENDITURES	 1,600,000	 74,462	 1,525,538
 CHANGE IN FUND BALANCE	 -	 59,073	 59,073
FUND BALANCE, Beginning	-	561,017	561,017
FUND BALANCE, Ending	\$ -	\$ 620,090	\$ 620,090

EAST OTERO SCHOOL DISTRICT R-1
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
Capital Outlay	\$ 400,000	\$ 253,519	\$ 146,481
	<u> </u>	<u> </u>	<u> </u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(400,000)	(253,519)	146,481
	<u> </u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES			
Transfers In	500,000	500,000	-
	<u> </u>	<u> </u>	<u> </u>
CHANGE IN FUND BALANCE	100,000	246,481	146,481
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, Beginning	-	97,825	97,825
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, Ending	\$ 100,000	\$ 344,306	\$ 244,306
	<u> </u>	<u> </u>	<u> </u>