

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2024

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 – 2.
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 – 5.
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6.
STATEMENT OF ACTIVITIES	7.
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	8.
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	9.
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	10.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	11.
NOTES TO BASIC FINANCIAL STATEMENTS	12 – 37.
REQUIRED SUPPLEMENTARY INFORMATION	38 – 48.
STATEMENTS AND SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)	
GENERAL FUND	
FOOD SERVICES FUND	
STUDENT ACTIVITIES FUND	
BOND REDEMPTION FUND	
CAPITAL PROJECTS FUND	
BUILDING FUND	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – SCHOOL DIVISION TRUST FUND	
SCHEDULE OF DISTRICT CONTRIBUTIONS – SCHOOL DIVISION TRUST FUND	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMENT BENEFIT LIABILITY – HEALTH CARE TRUST FUND	
SCHEDULE OF DISTRICT CONTRIBUTIONS – HEALTH CARE TRUST FUND	
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 669
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812
Andrew H. Froese CPA 719-980-1962

INDEPENDENT AUDITORS' REPORT

Board of Education
Fowler School District R-4J
Fowler, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fowler School District R-4J, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fowler School District R-4J's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Fowler School District R-4J, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fowler School District R-4J, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fowler School District R-4J'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 18 to the financial statements, the fund balance for the Building Fund was restated as of and for the year ended June 30, 2023. Our opinion is not modified with respect to this matter

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

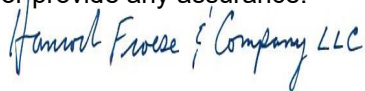
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fowler School District R-4J'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 Fowler School District R-4J's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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



Hancock Froese & Company LLC

Rocky Ford, Colorado

August 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOWLER SCHOOL DISTRICT R-4J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

As management of the Fowler School District R-4J (the "District"), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditors' report.

FINANCIAL HIGHLIGHTS

- The District's total net position increased by \$12,306,402 in fiscal year 2024. This increase was due to the capitalization of expenses related to the Fowler Jr/Sr High School addition for the year ended June 30, 2024. These changes significantly impacted the unrestricted portion of net position.
- The assets exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,087,842 (net position) due to the significant increase in construction in process for the Fowler Jr/Sr High School addition and renovation project.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$5.4 million, 27 percent, of all revenues. Program specific revenues for services, grants and contributions accounted for \$15 million or 73 percent of the \$20.4 million in total revenues.
- The general fund ending fund balance is \$3,127,281 which is an increase of \$369,204 from last year. The increase was due to the increase in state funding sources.

OVERVIEW OF FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Fowler School District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements.

Government-Wide Financial Statements

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Changes in net position from year to year may be used as an indicator of the overall financial position of the District.

The statement of activities presents the current fiscal year revenues and expenses to show how the net position of the district changed during the year. In the statement of activities, changes in net position are recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in future fiscal years.

Governmental activities consolidate all of the following Fowler School District funds: general fund, food services fund, student activity fund, capital reserve capital projects fund, building fund and bond redemption fund.

Fund Financial Statements

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. All of the funds of the District can be divided into one category: governmental funds.

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). Such information is used to evaluate the District's short-term financing requirements. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's near-term financing decisions.

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The assets of the Fowler School District are classified as current assets and capital assets. Cash, investments, receivables, inventories, and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, buildings, equipment, and vehicles.

The following tables provide a summary of the District's net position (deficit) as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
Assets:		
Current Assets	\$ 6,324,458	\$ 5,515,861
Capital Assets	<u>43,072,045</u>	<u>27,379,958</u>
Total Assets	49,396,503	32,895,819
Deferred Outflows of Resources	<u>1,630,770</u>	<u>2,531,839</u>
Total Assets & Deferred Outflow of Resources	<u>\$ 51,027,273</u>	<u>\$ 35,427,658</u>
Liabilities:		
Current Liabilities	\$ 1,541,565	\$ 1,183,446
Non-Current Liabilities	<u>12,072,275</u>	<u>10,847,107</u>
Total Liabilities	<u>13,613,840</u>	<u>12,030,553</u>
Deferred Inflows of Resources	<u>2,325,591</u>	<u>2,770,607</u>
Net Position (Deficit):		
Net Investment in Capital Assets	38,786,678	2,808,359
Restricted	1,280,831	617,400
Unrestricted	<u>(4,979,667)</u>	<u>17,200,739</u>
Total Net Position (Deficit)	<u>35,087,842</u>	<u>20,626,498</u>
Total Liabilities, Deferred Inflow of Resources & Net Position (Deficit)	<u>\$ 51,027,273</u>	<u>\$ 35,427,658</u>

Changes in Net Position as of June 30, 2024 and 2023

Following is a summary of the School District's change in net position for the years ending June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
Revenues		
Program Revenues:		
Charges for Services	\$ 275,733	\$ 275,078
Operating Grants & Contributions	1,012,512	1,367,463
Capital Grants & Contributions	<u>13,779,719</u>	<u>16,573,894</u>
Total Program Revenues	<u>15,047,140</u>	<u>18,216,435</u>
General Revenues:		
Taxes	1,324,107	1,527,268
School Finance Act	3,861,876	3,484,767
Earnings (Losses) on Investments	20,511	15,371
Other	<u>197,048</u>	<u>224,252</u>
Total General Revenues	<u>5,403,542</u>	<u>5,251,658</u>
Total Revenues	<u>20,471,506</u>	<u>23,468,093</u>
Expenses		
Governmental Activities:		
Instruction	4,358,826	3,758,206
Support Service	2,956,554	1,847,875
Food Service Operations	550,901	229,855
Student Activities	<u>298,823</u>	<u>236,551</u>
Total Expenses	<u>8,165,104</u>	<u>6,072,487</u>
Change in Net Position	<u>12,306,402</u>	<u>17,395,606</u>
Net Position – Beginning, As Originally Stated	20,626,498	(3,223,177)
Prior Period Adjustment	<u>2,154,942</u>	<u>6,454,069</u>
Net Position – Beginning, As Restated	<u>22,781,440</u>	<u>3,230,892</u>
Net Position – Ending	<u>\$ 35,087,842</u>	<u>\$ 20,626,498</u>

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$12,511 per funded student. In fiscal year 2023-2024, the funded pupil count was 359. Funding for the School Finance Act comes from property taxes, specific ownership taxes and state equalization. The District received approximately 19 percent of its total funding/revenues from state equalization while the remaining amount comes from property taxes, specific ownership taxes, charges for services, grants, and contributions and other.

Governmental activities for the year ended June 30, 2024 increased the Fowler School District's net position by \$12,306,402.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of Fowler School District's net resources available for spending at the end of the fiscal year.

The general fund is the major governmental fund of the Fowler School District. The general fund includes the general fund and insurance activity. As of June 30, 2024, the general fund shows an ending fund balance of \$3,127,281 up from \$2,758,077 for the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Fowler School District began budget development for the 2023-2024 fiscal year in January 2023 with analysis of enrollment projections and current revenue assumptions. The budget committee, consisting of stakeholders from the schools and the community prioritized the needs of the District. The preliminary budget was presented to the Board of Education in May 2023. Adoption of the 2023-2024 budget occurred in June 2023 with revisions made in January 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's net investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$38,786,678. This is a total cost of \$49,777,433, less accumulated depreciation of \$6,705,388, less general obligation bonds payable and lease payables of \$4,507,921 plus cash with fiscal agent of \$222,554. This net investment in capital assets includes land, buildings, improvements, equipment, and capital leases all with an original cost greater than \$5,000. Additional information of the District's capital assets can be found in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for 2024-2025 will see a significant decrease in revenues and expenses due to the substantial completion of work performed on the Fowler Jr/Sr High School Addition and Renovation project. This project is funded by the Building Excellent Schools Today Act ("BEST" grant) and will be completed in fiscal year 2024-2025. The budget will also reflect an increase in expenditures such as technology equipment, salaries and benefits, and other general operating costs (fuel, food, supplies, etc.).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Fowler School District, 601 W Grant Ave., Fowler, CO 81039.

BASIC FINANCIAL STATEMENTS

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

STATEMENT OF NET POSITION

JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,479,141
Cash with fiscal agent	1,118,282
Receivables	
Taxes receivable	46,700
Grants receivable	669,898
Inventory	10,437
TOTAL CURRENT ASSETS	6,324,458
CAPITAL ASSETS	
Land	118,634
Construction in Process	39,141,630
Buildings, improvements and equipment	10,517,169
Accumulated depreciation	(6,705,388)
CAPITAL ASSETS NET OF DEPRECIATION	43,072,045
TOTAL ASSETS	49,396,503
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	1,580,679
OPEB related amounts	50,091
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,630,770
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	717,490
Accrued salaries and benefits	501,543
Unearned revenues	322,532
TOTAL CURRENT LIABILITIES	1,541,565
NONCURRENT LIABILITIES	
Due within one year	201,964
Due in more than one year	4,393,747
Net pension liabilities	7,300,291
Net OPEB liabilities	176,273
TOTAL NONCURRENT LIABILITIES	12,072,275
TOTAL LIABILITIES	13,613,840
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	2,166,562
OPEB related amounts	159,029
TOTAL DEFERRED INFLOWS OF RESOURCES	2,325,591
NET POSITION	
Net investment in capital assets	38,786,678
Restricted	1,305,056
Unrestricted (deficit)	(5,003,892)
TOTAL NET POSITION	\$ 35,087,842

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 4,358,826	\$ 15,009	\$ 705,199	\$ -	\$ (3,638,618)
Support services	2,956,554	-	45,101	13,779,719	10,868,266
Food services operations	550,901	20,824	262,212	-	(267,865)
Student activities	298,823	239,900	-	-	(58,923)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 8,165,104	\$ 275,733	\$ 1,012,512	\$ 13,779,719	6,902,860

GENERAL REVENUES

Taxes

Property taxes, levied for general purposes	780,683
Property taxes, levied for debt service	366,488
Specific ownership taxes, levied for general purposes	159,479
Specific ownership taxes, levied for debt service	17,457
School finance act	3,861,876
Earnings (losses) on investments	20,511
Other	197,048

TOTAL GENERAL REVENUES 5,403,542

CHANGE IN NET POSITION 12,306,402

NET POSITION (DEFICIT) - BEGINNING, AS ORIGINALLY STATED 20,626,498

PRIOR PERIOD ADJUSTMENT 2,154,942

NET POSITION (DEFICIT) - BEGINNING, AS RESTATED 22,781,440

NET POSITION - ENDING \$ 35,087,842

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2024

	GENERAL FUND	SPECIAL REVENUE		DEBT SERVICE	CAPITAL PROJECTS		TOTAL GOVERNMENTAL FUNDS
		FOOD SERVICES FUND	STUDENT ACTIVITIES FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	BUILDING FUND	
ASSETS							
Cash and cash equivalents	\$ 3,341,457	\$ 142,518	\$ 309,019	\$ 224,616	\$ 140,890	\$ 320,641	\$ 4,479,141
Cash with fiscal agent	600,465	-	-	292,679	-	225,138	1,118,282
Receivables							
Taxes	35,200	-	-	11,500	-	-	46,700
Grants	82,846	-	-	-	-	587,052	669,898
Other accounts	-	-	-	-	-	-	-
Due from (to) other fund	(45,476)	24,866	-	-	20,610	-	-
Inventory	-	10,437	-	-	-	-	10,437
TOTAL ASSETS	\$ 4,014,492	\$ 177,821	\$ 309,019	\$ 528,795	\$ 161,500	\$ 1,132,831	\$ 6,324,458
LIABILITIES							
Accounts payable	\$ 39,292	\$ 3,426	\$ -	\$ -	\$ -	\$ 674,772	\$ 717,490
Accrued salaries and benefits	490,187	11,356	-	-	-	-	501,543
Unearned revenue	322,532	-	-	-	-	-	322,532
TOTAL LIABILITIES	852,011	14,782	-	-	-	674,772	1,541,565
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue - property taxes	35,200	-	-	11,500	-	-	46,700
FUND BALANCE							
Nonspendable	-	10,437	-	-	-	-	10,437
Restricted	177,100	152,602	-	517,295	-	458,059	1,305,056
Committed	-	-	309,019	-	161,500	-	470,519
Unassigned	2,950,181	-	-	-	-	-	2,950,181
TOTAL FUND BALANCE	3,127,281	163,039	309,019	517,295	161,500	458,059	4,736,193
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 4,014,492	\$ 177,821	\$ 309,019	\$ 528,795	\$ 161,500	\$ 1,132,831	\$ 6,324,458

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

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

Governmental funds total fund balances		\$ 4,736,193
Unearned property tax revenue. Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government wide financial statements.		46,700
Capital assets and right-to-use assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.		49,777,433
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.		(6,705,388)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated absences	\$ (87,790)	
General obligation bonds payable	(4,507,921)	
Net pension liabilities	(7,300,291)	
Deferred outflows of resources - pension related amounts	1,580,679	
Deferred inflows of resources - pension related amounts	(2,166,562)	
Net OPEB liabilities	(176,273)	
Deferred outflows of resources - OPEB related amounts	50,091	
Deferred inflows of resources - OPEB related amounts	(159,029)	
		(12,767,096)
Governmental activities net position		\$ 35,087,842

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

GOVERNMENTAL FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE			DEBT SERVICE	CAPITAL PROJECTS		TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	FOOD SERVICES FUND	STUDENT ACTIVITIES FUND	BOND REDEMPTION FUND	CAPITAL PROJECTS FUND	BUILDING FUND	
REVENUES							
Local sources	\$ 1,102,358	\$ 20,824	\$ -	\$ 384,688	\$ 35,259	\$ 749	\$ 1,543,878
State sources	4,233,129	86,326	-	-	19,487	13,779,719	18,118,661
Federal sources	349,436	175,086	-	-	-	-	524,522
Student activities	-	-	239,900	-	-	-	239,900
TOTAL REVENUES	5,684,923	282,236	239,900	384,688	54,746	13,780,468	20,426,961
EXPENDITURES							
Instruction	3,230,582	-	-	-	-	-	3,230,582
Supporting services	2,018,237	-	-	50	-	-	2,018,287
Capital outlay	-	-	-	-	100,921	15,849,827	15,950,748
Debt service	-	-	-	310,743	-	-	310,743
Food service operations	-	368,943	-	-	-	-	368,943
Student activities	-	-	298,823	-	-	-	298,823
TOTAL EXPENDITURES	5,248,819	368,943	298,823	310,793	100,921	15,849,827	22,178,126
REVENUES OVER (UNDER) EXPENDITURES	436,104	(86,707)	(58,923)	73,895	(46,175)	(2,069,359)	(1,751,165)
OTHER FINANCING SOURCES (USES)							
Transfer in (out)	(66,900)	-	66,900	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(66,900)	-	66,900	-	-	-	-
NET CHANGE IN FUND BALANCE	369,204	(86,707)	7,977	73,895	(46,175)	(2,069,359)	(1,751,165)
FUND BALANCE JULY 1 - AS ORIGINALLY STATED	2,758,077	249,746	301,042	443,400	207,675	372,476	4,332,416
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	2,154,942	2,154,942
FUND BALANCE JULY 1 - AS RESTATED	2,758,077	249,746	301,042	443,400	207,675	2,527,418	6,487,358
FUND BALANCE JUNE 30	\$ 3,127,281	\$ 163,039	\$ 309,019	\$ 517,295	\$ 161,500	\$ 458,059	\$ 4,736,193

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE 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:

Governmental funds changes in fund balances		\$	(1,751,165)
<p>Unearned property tax revenue. Revenues that do not provide current financial resources are deferred on the governmental fund statements but recognized on the government - wide financial statements.</p>			
			46,700
<p>Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays differ from depreciation in the current period.</p>			
Capitalized expenditures	\$	15,950,748	
Depreciation expense		(256,981)	
Gain (loss) on sale of fixed assets		(1,679)	
			15,692,088
<p>Unearned property taxes of the prior year. Property taxes earned but deferred in the prior year and recognized in the current year are recognized in the prior year net position on the statement of activities.</p>			
			-
<p>Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.</p>			
General obligation bonds payable	\$	197,101	
			197,101
<p>In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect of compensated absences, and pension related amounts on the statement of activities.</p>			
Compensated absences	\$	34,204	
Pension related amounts		(1,889,060)	
OPEB related amounts		(23,466)	
			(1,878,322)
Governmental activities change in net position			\$ 12,306,402

NOTES TO BASIC FINANCIAL STATEMENTS

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fowler School District R-4J (the "District") is governed by an elected five-member Board of Education. The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Fowler, Colorado. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Accounting Principles

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

FINANCIAL REPORTING ENTITY

The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to, fiscal dependency with a financial benefit or burden relationship, imposition of will, legal standing and the primary recipient of services.

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and amended by GASB No. 39 and GASB No. 61. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District (the primary government) and its component unit.

Jointly Governed Organizations

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

The District in conjunction with other local school districts has created a Board of Cooperative Educational Services. The Board is composed of one member from each of the participating school districts. The Board has final authority for all budgeting and financing of the joint venture. The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

Each member pays an annual membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members. The District has paid \$51,475 to BOCES during the fiscal year in exchange for services. Complete financial statements may be obtained by writing to: South Central BOCES, P.O. Box 9103, Pueblo, CO 81008.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues.

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial statements are provided for governmental funds. Major individual governmental funds are: General Fund, Food Service Fund, Student Activities Fund, Debt Service Bond Redemption Fund, Capital Reserve Capital Projects Fund, and Capital Projects Building Fund.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

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

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue/unearned revenue exists when assets have been recognized, but the related revenue has not been recognized, since the assets are not collected within the current period.

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

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Fund Accounting

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

General Fund - The general fund is the general operating fund of the District; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund. Activities relating to the Preschool fund has been included in the General Fund.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The Special Revenue Funds consist of the following:

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Food Services Fund – Accounts for all financial activities associated with the District’s school breakfast and lunch programs. Revenues include federal and state grants and food sales.

Student Activities Fund – Is used to account for the various activities of the students and other restricted funds. These activities are supported in whole or in part by revenues from pupils, gate receipts and other fund-raising activities.

Debt Service Fund (Bond Redemption Fund) – Used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.

Capital Reserve / Capital Projects Funds – Used to account for construction projects and capital outlay for land, buildings, improvement to land and buildings, and purchase of vehicles, equipment and technology accounted for in the building fund or the capital reserve capital projects fund depending on the source of related revenue. The Capital Reserve / Capital Projects Funds consist of the following:

Capital Reserve Capital Projects Fund- Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The use of the term capital outlay allows for the inclusion of expenditures for items that are capital in nature but may not qualify for financial reporting as capital assets under a government’s capitalization policy. The capital projects fund excludes those types of capital-related outflows financed by other funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Building Fund – Used to account for the revenues from a bond issuance, as well as District matching dollars and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

Cash and Cash Equivalents

The District’s cash and cash equivalents represent amounts on deposit with financial institutions or held by the District. The District’s cash and cash equivalents are considered to be cash on hand and demand deposits with original maturities of three months or less from the date of acquisition.

Receivables

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

Grant receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Property tax receivable are identified as property taxes levied in 2024, but not collected within 60 days.

Due To and Due From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

Inventories

Materials and supplies inventories are stated at cost using the first-in first-out method of determining cost.

Food Service Fund inventory as of June 30, 2024 of \$10,437 consisted of purchased food and non-food supplies. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

Capital Assets

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Estimated useful lives are:

	<u>Years</u>
Vehicles	10-15
Equipment	15
Buildings and site improvements	35-50

Noncurrent Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net position. The District's noncurrent liabilities are serviced from property taxes and other revenues of the General Fund, Capital Reserve Capital Projects Fund, and Bond Redemption Fund.

Accrued Vacation and Sick Pay

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. As most employees are contracted to work a set number of days during a year, no vacation accrual accumulates. For those employees that earn vacation, all unused vacation at the end of each fiscal year is forfeited. Sick leave is payable upon PERA retirement at a maximum of 80 days. An accrual is shown on the government-wide financial statements for retirement eligible employees.

Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

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

Net pension liabilities and Net OPEB liability, associated with the School Division Trust Fund (SCHDTF) and Health Care Trust Fund (HCTF) administered by PERA, represent the District's proportionate share of total pension/OPEB liabilities less the fiduciary net position. Amounts have been determined using the economic resources measurement focus and the accrual basis of accounting.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension related deferred outflows and inflows are reported as such and will be recognized in the collective pension expense in subsequent years. The employer portions of contributions made to the SCHDTF and HCTF are reported as benefit expenditures in the current period.

Unearned Revenue

Unearned revenues represent assets received (measurable) but not yet earned. In the statement of net position, unearned revenues represent grant funds received, but not yet earned as the related service has not yet been provided.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental funds represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period, or in the case of property taxes, levied for a future period. Deferred revenue consists of the succeeding year's property taxes.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category:

Pension Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 346,172
Changes of Assumptions or Other Inputs	-
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	927,391
Contributions Made Subsequent to the Measurement Date	<u>307,116</u>
Total Pension Related Deferred Outflows	<u>\$ 1,580,679</u>

More information on pension related items is included in Note 7.

OPEB Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	2,073
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	32,647
Contributions Made Subsequent to the Measurement Date	<u>15,371</u>
Total OPEB Related Deferred Outflows	<u>\$ 50,091</u>

More information on OPEB related items is included in Note 9.

Deferred Inflows of Resources

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

Property Taxes - The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

Pension Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	-
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(2,166,562)</u>
Total Pension Related Deferred Inflows	<u>\$ (2,166,562)</u>

More information on pension related items is included in Note 7.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources (Continued)

OPEB Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ (36,129)
Changes of Assumptions or Other Inputs	(18,691)
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(104,209)</u>
Total OPEB Related Deferred Inflows	<u>\$ (159,029)</u>

More information on OPEB related items is included in Note 9.

Fund Balance

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. GASB Statement Number 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and by clarifying the definitions of existing governmental fund types. As a result, fund balances are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Universal Preschool Program – The Universal Preschool Program activity is accounted for in the General Fund. The Program's main objective is to provide high quality early education support to children in the year(s) before they are eligible for kindergarten and qualifying 3-year-olds. Any unspent funds are reported as restricted fund balance in the General Fund.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Budgets are required by state law for all funds. By May 31st, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1st. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the Commissioned of Education within thirty days after the beginning of the fiscal year.
- Budgets may be revised until January 31st of the budget year.
- Expenditures may not legally exceed appropriations at the fund level. For the year ended June 30, 2024, no funds expenditures exceeded appropriations.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are originally adopted and amended by the Board of Education.
- Encumbrance accounting is not utilized.

NOTE - 2 DEPOSITS AND INVESTMENTS

Deposits

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end the District's bank balance was either insured or collateralized with securities held by the pledging financial institution through PDPA.

At June 30, 2024, the District's bank balance and corresponding carrying balance were as follows:

	Carrying Balance	Bank Balance
Insured (FDIC)	\$ 725,138	\$ 725,138
Uninsured, Collateralized under the Public Deposit Protection Act	3,979,141	4,041,005
Cash with County Treasurer	893,144	-
	\$ 5,597,423	\$ 4,766,143

The carrying amount is reflected in the accompanying financial statements as follows:

Governmental Activities – Cash & Cash Equivalents	\$ 4,479,141
Governmental Activities – Cash with Fiscal Agent	1,118,282
	\$ 5,597,423

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 2 DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Concentration of Credit Risk – The District places no limit on the amount it may invest in any one issuer. At June 30, 2024, the District had no concentration of credit risk. The District invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1.) safety; 2.) liquidity; and 3.) yield.

NOTE - 3 PROPERTY TAXES

Property taxes are levied on December 15 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes that are uncollected at the end of the fiscal year are expected to be utilized as a financing source in the following fiscal year and are reported as receivable and deferred revenue.

NOTE - 4 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balances</u> June 30, 2023	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> June 30, 2024
<u>Governmental Activities:</u>				
Non-depreciable assets:				
Land	\$ 118,634	\$ -	\$ -	\$ 118,634
Construction in process	23,258,082	15,883,548	-	39,141,630
Total non-depreciable assets	<u>23,376,716</u>	<u>15,883,548</u>	<u>-</u>	<u>39,260,264</u>
Depreciable assets:				
Buildings and improvements	8,541,437	-	-	8,541,437
Transportation equipment	508,330	60,800	(4,200)	564,930
Other equipment	1,368,851	6,400	-	1,375,251
Food service equipment	35,551	-	-	35,551
Total depreciable assets	<u>10,454,169</u>	<u>67,200</u>	<u>(4,200)</u>	<u>10,517,169</u>
Less accumulated Depreciation for:				
Buildings and improvements	(4,998,267)	(186,206)	-	(5,184,473)
Transportation equipment	(367,289)	(30,652)	2,520	(395,421)
Other equipment	(1,076,673)	(38,552)	-	(1,115,225)
Food service equipment	(8,698)	(1,571)	-	(10,269)
Total accumulated depreciation	<u>(6,450,927)</u>	<u>(256,981)</u>	<u>2,520</u>	<u>(6,705,388)</u>
Total capital assets net	<u>\$ 27,379,958</u>	<u>\$ 15,693,767</u>	<u>\$ (1,680)</u>	<u>\$ 43,072,045</u>

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 4 CAPITAL ASSETS (Continued)

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

Governmental Activities:	
Instruction	\$ 186,206
Food service operations	1,571
Support services	<u>69,204</u>
Total depreciation expense – governmental activities	<u>\$ 256,981</u>

NOTE - 5 ACCRUED SALARIES AND EMPLOYEE BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2024, was \$501,543. Accordingly, the accrued salaries and benefits is reflected as a liability in the accompanying financial statements of the General Fund for \$490,187 and in the Food Services Fund for \$11,356.

NOTE - 6 LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Compensated Absences	\$ 121,994	\$ -	\$ (34,204)	\$ 87,790	\$ -
Series 2021 Matching Money Bonds	4,705,022	-	(197,101)	4,507,921	201,964
Net Pension Liability	5,821,690	2,117,557	(638,956)	7,300,291	-
Net OPEB Liability	<u>198,401</u>	<u>99,013</u>	<u>(121,141)</u>	<u>176,273</u>	<u>-</u>
Total	<u>\$ 10,847,107</u>	<u>\$ 2,216,570</u>	<u>\$ (991,402)</u>	<u>\$ 12,072,275</u>	<u>\$ 201,964</u>

General obligation bond is liquidated in the debt service fund. Approximately 95% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

Series 2021 Matching Money Bonds

In November of 2019 the voters of the District approved a bond issue in the amount of \$4,900,000 to supplement BEST awarded by the State of Colorado to build a new junior and senior high school building on the existing District land. The general obligation bond payable is dated November 17, 2021, due in annual installments beginning fiscal year 2022 ranging from \$309,404 to \$313,456, has a fixed interest rate of 2.467%, and is payable semi-annually on June 30th and December 30th.

As of June 30, 2024, the bond matures as follows:

	Principal	Interest	Total
2025	\$ 201,964	\$ 108,719	\$ 310,683
2026	206,946	103,675	310,621
2027	212,052	98,507	310,559
2028	217,283	93,211	310,494
2029	222,643	87,785	310,428
2030-2034	1,198,367	352,723	1,551,090
2035-2039	1,353,661	195,513	1,549,174
2040-2042	<u>895,005</u>	<u>33,478</u>	<u>928,483</u>
Total	<u>\$ 4,507,921</u>	<u>1,073,611</u>	<u>5,581,532</u>

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. Fowler School District R-4J participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Fowler School District R-4J are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Contributions provisions as of June 30, 2024: Eligible employees of, Fowler School District R-4J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Fowler School District R-4J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Fowler School District R-4J were \$596,618 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 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 C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) 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 TPL to December 31, 2023. The Fowler School District R-4J proportion of the net pension liability was based on Fowler School District R-4J contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2024, the Fowler School District R-4J reported a liability of \$7,300,291 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Fowler School District R-4J as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Fowler School District R-4J were as follows:

Fowler School District R-4J proportionate share of the net pension liability	\$7,300,291
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Fowler School District R-4J	12,196
Total	\$7,312,487

At December 31, 2023, the Fowler School District R-4J proportion was 0.0413%, which was an increase of 0.0093% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Fowler School District R-4J recognized pension expense of \$2,485,202 and revenue of \$12,196 for support from the State as a nonemployer contributing entity. At June 30, 2024, the Fowler School District R-4J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 346,172	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	927,391	(2,166,562)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	307,116	N/A
Total	\$1,580,679	\$(2,166,562)

\$307,116 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2024	
2025	\$(218,583)
2026	(226,779)
2027	(324,835)
2028	(122,802)
2029	-
Thereafter	-

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions. The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared 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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the Fowler School District R-4J proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$9,761,704	\$7,300,291	\$5,247,771

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

NOTE – 8 DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Fowler School District R-4J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Fowler School District R-4J has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2024, program members contributed \$105,289 and Fowler School District R-4J recognized pension expense and a liability of \$0 and \$0, respectively, for the PERAPlus 401(k) Plan.

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Fowler School District R-4J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Fowler School District R-4J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Fowler School District R-4J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Fowler School District R-4J were \$29,860 for the year ended June 30, 2024.

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

At June 30, 2024, the Fowler School District R-4J reported a liability of \$176,273 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) 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 TOL to December 31, 2023. The Fowler School District R-4J proportion of the net OPEB liability was based on Fowler School District R-4J contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the Fowler School District R-4J proportion was 0.0247%, which was an increase of 0.0004% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Fowler School District R-4J recognized OPEB expense of \$53,326. At June 30, 2024, the Fowler School District R-4J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual	\$ -	\$(36,129)
Changes of assumptions or other inputs	2,073	(18,691)
Net difference between projected and actual earnings on OPEB plan investments	32,647	(104,209)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement	15,371	N/A
Total	\$ 50,091	\$(159,029)

\$15,371 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

June 30, 2024	
2025	\$(17,218)
2026	(17,313)
2027	(17,318)
2028	(17,826)
2029	(17,935)
Thereafter	(36,699)

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans ¹			7.00% in 2023, gradually decreasing to 4.50% in 2033	
Medicare Part A premiums			3.50% in 2023, gradually increasing to 4.50% in 2035	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$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		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$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 2023 Medicare Part A premium is \$506 per month.

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

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

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 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 (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled 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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

Sensitivity of the Fowler School District R-4J proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	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	\$171,213	\$176,273	\$181,776

¹For the January 1, 2024, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department 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.

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

Sensitivity of the Fowler School District R-4J 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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$208,200	\$176,273	\$148,959

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

NOTE -10 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at June 30, 2024 is as follows:

	Governmental Activities
3% Statutory Reserve - TABOR	\$ 177,100
Preschool – UPK	-
Food Services	152,602
Bond Redemption	517,295
Capital Projects	<u>458,059</u>
	<u>\$ 1,305,056</u>

Restricted for TABOR Reserve – This represents approximately 3% of the District's 2024 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the District's net position can be used for declared emergencies only and the District must maintain 3% or more of its spending in this restricted account. The District does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

Restricted for Preschool - UPK – This represents money received from the State of Colorado that is mandated for the Universal Preschool Program. The program provides high quality early education support to children before they are eligible for kindergarten and qualifying 3-year-olds.

Restricted for Food Service – This represents money received from the State of Colorado that is for future expenditures related to the operation and maintenance of food services.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 10 NET POSITION (Continued)

Restricted for Capital Projects – This represents unspent cash proceeds received from the bond issuance and the District match that are for the Fowler Jr/Sr High School Addition and Renovation project.

Restricted for Bond Redemption – This represents unspent cash received from a specific tax levy restricted for the purpose of repayment of debt principal, interest and other fiscal charges related to the Fowler Jr/Sr High School Addition and Renovation project.

NOTE -11 FUND BALANCES

At June 30, 2024, fund balances for governmental funds consist of the following:

	Restricted Fund Balance			
	Emergencies	Preschool	Future Expenditures	
	TABOR		Food Services	Scholarships
General Fund	\$ 177,100	\$ -	\$ -	\$ -
Food Service Fund	-	-	152,602	-
Bond Redemption Fund	-	-	-	-
Building Fund	-	-	-	-
Student Activities Fund	-	-	-	-
Total	<u>\$ 177,100</u>	<u>\$ -</u>	<u>\$ 152,602</u>	<u>\$ -</u>

	Restricted Fund Balance (Continued)		
	Capital	Debt	Total
	Projects	Service	Restricted
General Fund	\$ -	\$ -	\$ 177,100
Food Service Fund	-	-	152,602
Bond Redemption Fund	-	517,295	517,295
Building Fund	458,059	-	458,059
Student Activities Fund	-	-	-
Total	<u>\$ 458,059</u>	<u>\$ 517,295</u>	<u>\$ 1,305,056</u>

	Committed/Assigned Fund Balance		
	Committed	Committed	Total
	Capital	Student	
	Projects	Activities	
Student Activities Fund	\$ -	\$ 309,019	\$ 309,019
Capital Projects Fund	161,500	-	161,500
Total	<u>\$ 161,500</u>	<u>\$ 309,019</u>	<u>\$ 470,519</u>

NOTE -12 INTERFUND ACTIVITY

Due From (To) Other Fund

During the course of operations, numerous transactions occur between the District funds for the reimbursement of expenditures. Related inter-fund receivables and payables are classified as “due from other fund” and “due to other fund” on the balance sheet and statement of net position and will be settled within one year. As of December 31, 2024, the inter-fund receivable and payable was as follows:

<u>Due from other fund</u>	<u>Due to other fund</u>	<u>Amount</u>
Food Services	General	\$ 24,866
Capital Projects	General	<u>20,610</u>
		<u>\$ 45,476</u>

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -12 INTERFUND ACTIVITY (Continued)

Interfund Transfers

Transfers are used to move revenues from the fund that collects them to specific programs accounted for in other funds, in accordance with budget authorization. Transferred funds are without recourse. Transfers during the fiscal year ended June 30, 2024, were as follows:

Transfers From	Transfers To	Amount
General	Student Activities	\$ 66,900

NOTE -13 CONTINGENT LIABILITIES

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agency. Management believes disallowances, if any, would be immaterial.

NOTE -14 RISK MANAGEMENT

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price and more control over the entire risk management function.

The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each members premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing.

Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2024. CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

For Workers' Compensation, health, accident, and other types of insurance programs maintained by the District, commercial insurance companies are utilized. Settled claims have not exceeded insurance coverage in each of the last three years.

NOTE -15 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -15 TAX SPENDING AND DEBT LIMITATIONS (Continued)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention on such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect.

In November 1996 the voters of the District approved an amendment to allow the District to collect, retain and spend all revenues and other funds collected from any source not withstanding the limitations of Article X, Section 20 of the Colorado Constitution.

NOTE -16 CONSTRUCTION COMMITMENTS

The District began a construction project to build a new facility during the 2021-2022 school year at an estimated cost of \$39,298,013 (includes supplemental awarded in 2022-2023), funded in part with local bond and District matching funds, as well as state BEST Grant funds. At year-end, the District had approximately \$3,119,635 in uncompleted construction contracts, which will be paid from remaining local funds as well as BEST Grant funds.

NOTE -17 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE -18 PRIOR PERIOD ADJUSTMENT

The District restated fund balance due to the outstanding cash with the fiscal agent not being recognized in the Building Fund as of June 30, 2023 that related to the Jr/Sr High School Building Project.

Beginning Fund Balance: The restatement of the beginning fund balance is as follows:

	<u>Building Fund</u>
Fund Balance July 1, 2023 – As Originally Stated	\$ 372,476
Cumulative effect of reporting cash with fiscal agent	<u>2,154,942</u>
Fund Balance July 1, 2023 – As Restated	<u>\$ 2,527,418</u>

REQUIRED SUPPLEMENTARY INFORMATION

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources	\$ 1,040,836	\$ 1,040,836	\$ 1,102,358	\$ 61,522
State sources	4,113,789	4,113,789	4,233,129	119,340
Federal sources	604,415	604,415	349,436	(254,979)
TOTAL REVENUES	5,759,040	5,759,040	5,684,923	(74,117)
EXPENDITURES				
Instruction	3,417,525	3,417,525	3,230,582	186,943
Supporting services				
Pupils	185,480	185,480	161,296	24,184
Instruction staff	213,025	213,025	151,892	61,133
General administration	189,600	189,600	168,615	20,985
School administration	280,250	280,250	283,517	(3,267)
Business services	139,913	139,913	140,533	(620)
Operations and maintenance	854,955	854,955	803,747	51,208
Pupil transportation	190,387	190,387	222,377	(31,990)
Central services	55,800	55,800	56,576	(776)
Food services	5,705	5,705	14,983	(9,278)
Other property services	-	-	14,701	(14,701)
Contingency reserve	2,306,508	2,306,508	-	2,306,508
TOTAL EXPENDITURES	7,839,148	7,839,148	5,248,819	2,590,329
REVENUES OVER (UNDER) EXPENDITURES	(2,080,108)	(2,080,108)	436,104	2,516,212
OTHER FINANCING SOURCES				
Transfers out	(226,400)	(226,400)	(66,900)	159,500
NET CHANGE IN FUND BALANCE	(2,306,508)	(2,306,508)	369,204	2,675,712
FUND BALANCE JULY 1	2,758,077	2,758,077	2,758,077	-
FUND BALANCE JUNE 30	\$ 451,569	\$ 451,569	\$ 3,127,281	\$ 2,675,712

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

FOOD SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Meal charges				
Students and faculty	\$ 20,000	\$ 20,000	\$ 20,824	\$ 824
Special events and other	3,000	3,000	-	(3,000)
State reimbursement	95,475	95,475	86,326	(9,149)
Federal reimbursement	191,000	191,000	175,086	(15,914)
TOTAL REVENUES	309,475	309,475	282,236	(27,239)
EXPENDITURES				
Salaries and benefits	147,250	147,250	154,919	(7,669)
Food	153,500	153,500	142,813	10,687
Supplies	5,000	5,000	48,641	(43,641)
Commodities	16,000	16,000	12,846	3,154
Repairs & maintenance	-	-	9,724	(9,724)
Contingency reserve	237,471	237,471	-	237,471
TOTAL EXPENDITURES	559,221	559,221	368,943	190,278
REVENUES OVER (UNDER) EXPENDITURES	(249,746)	(249,746)	(86,707)	163,039
OTHER FINANCING SOURCES				
Transfer in (out)	-	-	-	-
NET CHANGE IN FUND BALANCE	(249,746)	(249,746)	(86,707)	163,039
FUND BALANCE JULY 1	249,746	249,746	249,746	-
FUND BALANCE JUNE 30	\$ -	\$ -	\$ 163,039	\$ 163,039

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

STUDENT ACTIVITIES FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Student activities	\$ 265,500	\$ 265,500	\$ 239,900	\$ (25,600)
EXPENDITURES				
Student activities	325,500	325,500	298,823	26,677
Contingency reserve	284,572	284,572	-	284,572
TOTAL EXPENDITURES	610,072	610,072	298,823	311,249
REVENUES OVER (UNDER) EXPENDITURES	(344,572)	(344,572)	(58,923)	285,649
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	60,000	60,000	66,900	6,900
NET CHANGE IN FUND BALANCE	(284,572)	(284,572)	7,977	292,549
FUND BALANCE JULY 1	301,042	301,042	301,042	-
FUND BALANCE JUNE 30	\$ 16,470	\$ 16,470	\$ 309,019	\$ 292,549

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

BOND REDEMPTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources				
Property taxes	\$ 365,704	\$ 365,704	\$ 366,488	\$ 784
Specific ownership taxes	-	-	17,457	17,457
Other	750	750	743	(7)
TOTAL REVENUES	366,454	366,454	384,688	18,234
EXPENDITURES				
Supporting services				
General administration	500	500	50	450
Debt service				
Principal	198,000	198,000	197,101	899
Interest	115,000	115,000	113,642	1,358
Contingency reserves	367,282	367,282	-	367,282
TOTAL EXPENDITURES	680,782	680,782	310,793	369,989
NET CHANGE IN FUND BALANCE	(314,328)	(314,328)	73,895	388,223
FUND BALANCE JULY 1	443,400	443,400	443,400	-
FUND BALANCE JUNE 30	\$ 129,072	\$ 129,072	\$ 517,295	\$ 388,223

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

CAPITAL RESERVE CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources	\$ 33,790	\$ 33,790	\$ 35,259	\$ 1,469
State sources	-	-	19,487	19,487
Federal sources	-	-	-	-
TOTAL REVENUES	33,790	33,790	54,746	20,956
EXPENDITURES				
Capital outlay	160,190	160,190	100,921	59,269
Major repairs	-	-	-	-
Contingency reserve	206,639	206,639	-	206,639
TOTAL EXPENDITURES	366,829	366,829	100,921	265,908
REVENUES OVER (UNDER) EXPENDITURES	(333,039)	(333,039)	(46,175)	286,864
OTHER FINANCING SOURCES				
Transfers in	126,400	126,400	-	(126,400)
NET CHANGE IN FUND BALANCE	(206,639)	(206,639)	(46,175)	160,464
FUND BALANCE JULY 1	207,675	207,675	207,675	-
FUND BALANCE JUNE 30	\$ 1,036	\$ 1,036	\$ 161,500	\$ 160,464

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

BUILDING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources	\$ 500	\$ 500	\$ 749	\$ 249
State sources	16,719,000	16,719,000	13,779,719	(2,939,281)
TOTAL REVENUES	16,719,500	16,719,500	13,780,468	(2,939,032)
EXPENDITURES				
Capital outlay				
Building and site improvements	16,719,500	16,719,500	15,849,827	869,673
Contingency reserve	265,145	265,145	-	265,145
TOTAL EXPENDITURES	16,984,645	16,984,645	15,849,827	1,134,818
REVENUES OVER (UNDER) EXPENDITURES	(265,145)	(265,145)	(2,069,359)	(1,804,214)
OTHER FINANCING SOURCES				
Transfer in (out)	-	-	-	-
NET CHANGE IN FUND BALANCE	(265,145)	(265,145)	(2,069,359)	(1,804,214)
FUND BALANCE JULY 1 - AS ORIGINALLY STATED	372,476	372,476	372,476	-
PRIOR PERIOD ADJUSTMENT	2,154,942	2,154,942	2,154,942	-
FUND BALANCE JULY 1 - AS RESTATED	2,527,418	2,527,418	2,527,418	-
FUND BALANCE JUNE 30	\$ 2,262,273	\$ 2,262,273	\$ 458,059	\$ (1,804,214)

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - SCHOOL DIVISION TRUST FUND

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

Plan Measurement Year-End	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.041283%	0.031971%	0.039770%	0.045752%	0.040601%	0.039797%	0.045537%	0.045870%	0.047517%	0.049083%
District's proportionate share of the net pension liability	\$ 7,300,291	\$ 5,821,690	\$ 4,628,128	\$ 6,916,817	\$ 6,065,649	\$ 7,046,896	\$ 14,725,109	\$ 13,657,129	\$ 7,267,320	\$ 6,652,450
State's Proportionate Share of the net pension liability	12,196	419,996	189,301	-	277,204	337,343	-	-	-	-
	<u>\$ 7,312,487</u>	<u>\$ 6,241,686</u>	<u>\$ 4,817,429</u>	<u>\$ 6,916,817</u>	<u>\$ 6,342,853</u>	<u>\$ 7,384,239</u>	<u>\$ 14,725,109</u>	<u>\$ 13,657,129</u>	<u>\$ 7,267,320</u>	<u>\$ 6,652,450</u>
District's covered payroll	\$ 2,729,194	\$ 2,564,256	\$ 2,485,473	\$ 2,478,457	\$ 2,370,562	\$ 2,187,861	\$ 2,100,577	\$ 2,058,706	\$ 2,070,760	\$ 2,056,243
District's proportionate share of the net pension liability as a percentage of its covered payroll	267.49%	227.03%	186.21%	279.08%	255.87%	322.09%	701.00%	663.38%	350.95%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	64.37%	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

SCHEDULE OF DISTRICT CONTRIBUTIONS - SCHOOL DIVISION TRUST FUND

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

Fiscal Year-End	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 596,618	\$ 496,440	\$ 494,112	\$ 480,325	\$ 459,415	\$ 418,538	\$ 391,337	\$ 373,243	\$ 358,863	\$ 337,841
Contributions in relation to the contractually required contribution	(596,618)	(496,440)	(494,112)	(480,325)	(459,415)	(418,538)	(391,337)	(373,243)	(358,863)	(337,841)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,927,389	\$ 2,564,256	\$ 2,485,473	\$ 2,478,457	\$ 2,370,562	\$ 2,187,861	\$ 2,100,577	\$ 2,058,706	\$ 2,070,760	\$ 2,056,243
Contributions as a percentage of covered payroll	20.38%	19.36%	19.88%	19.38%	19.38%	19.13%	18.63%	18.13%	17.33%	16.43%

The amounts presented for each fiscal year were determined as of June 30.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

Plan Measurement Year-End	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.02470%	0.02430%	0.02597%	0.02647%	0.26530%	0.02587%	0.02587%	0.26070%
District's proportionate share of the net OPEB liability	176,273	198,401	223,910	251,495	298,234	351,949	336,259	338,042
District's covered payroll	2,729,194	2,564,256	2,485,473	2,478,457	2,370,562	2,187,861	2,100,577	2,058,706
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46%	7.74%	9.01%	10.15%	12.58%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY, COLORADO

SCHEDULE OF DISTRICT CONTRIBUTIONS - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

Fiscal Year-End	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 29,860	\$ 26,155	\$ 25,352	\$ 25,280	\$ 24,180	\$ 22,316	\$ 21,426	\$ 20,999
Contributions in relation to the statutorily required contribution	(29,860)	(26,155)	(25,352)	(25,280)	(24,180)	(22,316)	(21,426)	(20,999)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,927,389	\$ 2,564,256	\$ 2,485,473	\$ 2,478,457	\$ 2,370,562	\$ 2,187,861	\$ 2,100,577	\$ 2,058,706
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

FOWLER SCHOOL DISTRICT R-4J
OTERO COUNTY COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -1 BUDGETS AND BUDGETARY ACCOUNTING

Budgets are required by state law for all funds. At least thirty days prior to July 1, the Superintendent submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and means of financing them.

Public hearings are conducted by the Board of Education to obtain taxpayer comments. The budget must be adopted by formal resolution prior to June 30, although it may be subsequently revised by January 31 of the following year.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments, within any fund and the reallocation of budget line items within any department or within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the fiscal year. Appropriations are based on total resources expected to be available in each budget year, including reserves as established by the Board of Education. Variances between budget and actual expenditures result from non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

NOTE-2 DEFINED BENEFIT PENSION PLAN

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2023 Changes in Plan Provisions Since 2022

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.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

NOTE-3 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2023 Changes in Plan Provisions Since 2022

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.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.