

**SOUTH CONEJOS SCHOOL DISTRICT RE-10  
ANTONITO, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2021**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

# SOUTH CONEJOS SCHOOL DISTRICT RE-10

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# INDEPENDENT AUDITOR'S REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
South Conejos School District RE-10  
Antonito, Colorado

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Conejos School District RE-10 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for

**Certified Public Accountants**

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### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison, pension, and other postemployment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wall, Smith, Bateman Inc.*

Wall, Smith Bateman Inc.  
Alamosa, Colorado

November 30, 2021

The management of South Conejos School District RE-10 offers readers of the district's basic financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2021.

### ***Financial Highlights***

On the statement of net position, assets and deferred outflows were more than the district's liabilities and deferred inflows, resulting in a net position of \$12.3 million. Total assets decreased by \$.07 million, deferred outflows of resources increased by \$1 million, total liabilities increased by \$.05 million, and deferred inflows of resources decreased by \$1 million.

On the statement of activities, general revenues totaling \$3 million accounted for 68 percent of all revenues of the primary government. Program revenues provided \$1.4 million, or 32 percent of all revenues, directly supporting the functions and programs of the primary government.

Outstanding liability for general obligation bonds payable decreased by \$0.02 million due to scheduled principal payments.

Governmental funds reported combined ending fund balances of \$4 million, an increase of \$0.5 million from the prior year. Restricted fund balance for statutory requirements totaled \$0.9 million; fund balance amounts committed by district management for various operations totaled \$.1 million. Unassigned fund balance of \$2.9 million in the General Fund is available for district use.

### ***Overview of the Financial Statements***

This discussion and analysis serves as an introduction of the district's basic financial statements. The annual report consists of a series of financial statements and notes to those statements organized so the reader can understand the district as a whole. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to basic financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances using accounting methods similar to those used by a private-sector business. These statements report the financial status of the district's governmental activities, which represent the district's programs and services, including instruction, support services, food service operations, operation and maintenance of facilities, pupil transportation and administration. These activities are principally supported by taxes and State equalization funding. The government-wide financial statements follow this Management's Discussion and Analysis section of the report.

The *statement of net position* presents information on all of the district's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the district's net position changed during the fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**Fund Financial Statements.** The fund financial statements focus on the district's major funds and provide more detailed information about the district. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The district's funds are governmental funds.

**Governmental Funds.** The district's activities are reported in governmental funds, which focus on how money flows into and out of those funds. Governmental funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. The balances left at year-end are available for spending in future periods. The

governmental fund statements provide a detailed, short-term view on the financial resources that can be spent in the near future on the district's programs.

The focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Because there are differences between *governmental activities* (shown in the statement of net position and the statement of activities previously discussed) and *governmental funds*, two reconciliations are provided in the financial statements. The major differences between the financial reporting on governmental activities and governmental funds are directly related to the district's long-term liabilities and capital assets. For example, repayment of general obligation bonds is shown as an expenditure that reduces fund balance in the Bond Redemption Fund but as a reduction of long-term debt on the statement of activities. Acquisition of capital assets is shown as expenditures that reduce fund balance in governmental funds but as a noncurrent asset on the statement of net position. More details can be found on the reconciliations contained within the financial statements.

**Notes to the Basic Financial Statements.** The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

**Required Supplementary Information and Other Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also includes *required supplementary information* containing the district's budgetary schedules for the district's General Fund and Governmental Designated Purpose Fund, as well as pension information required by GASB 68 and the OPEB information required by GASB 75. Other supplementary information, including financial statements and budgetary comparisons for the district's other governmental funds and the Auditor's Integrity Report follows the required supplementary information.

### ***Government-wide Financial Analysis***

**Governmental Activities.** As of June 30, 2021, assets and deferred outflows exceeded liabilities and deferred liabilities. As required by accounting standards, GASB 68 and GASB 75, the district has recorded a noncurrent liability of \$5 million for its net pension and OPEB liability. The district has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by Colorado Public Employees' Retirement Association (PERA). As part of the GASB 68 and GASB 75 accounting, the districts deferred outflows increased by \$.1 million. During 2021, the total net position increased \$2 million from \$10.3 million to \$12.3 million. A significant portion of the district's assets are investments in capital assets, such as land, buildings and equipment. The value of capital assets, net of depreciation, decreased by \$0.3 million, from \$18.3 million to \$18 million, because of net depreciation.

Restricted net position of the district includes two categories: 1) an emergency fund mandated by Article X, Section 20, of the Colorado constitution (i.e., TABOR) and 2) funds generated from property taxes accounted for in the Bond Redemption Fund that are restricted for the payment of long-term debt. In accordance with the emergency fund mandate, the district reserved 3.0 percent of applicable expenditures and the bond redemption funds, totaling \$0.9 million. Net investment in capital assets remained unchanged.

Net position for government activities increased \$1.9 million. Expenses for governmental activities remained unchanged. Pension expense is allocated proportionally between instruction and support services in the same proportion as the actual employee benefit expenses.

**Net Position.** The table below provides a summary of the district's net position for June 30, 2021. Comparative data for June 30, 2020, is also presented.

The following condensed financial information is derived from the government-wide statement of net position.

**Comparative Summary of Net Position**

	Primary Government			
	Governmental Activities		Increase	% Change
	June 30, 2021	June 30, 2020	(Decrease)	from 2020
Current assets	\$ 4,472,847	\$ 4,296,566	\$ 176,281	4.10%
Capital assets, net	17,975,649	18,230,433	(\$254,784)	-1.40%
<b>Total assets</b>	<b>22,448,496</b>	<b>22,526,999</b>	<b>(78,503)</b>	<b>-0.35%</b>
Deferred outflows of resources	1,551,292	522,478	1,028,814	196.91%
Current liabilities	593,281	917,725	(324,444)	-35.35%
Noncurrent liabilities outstanding	8,801,309	8,425,599	375,710	4.46%
<b>Total liabilities</b>	<b>9,394,590</b>	<b>9,343,324</b>	<b>51,266</b>	<b>0.55%</b>
Deferred inflows of resources	2,289,519	3,342,548	(1,053,029)	-31.50%
Net investment in capital assets	13,934,485	13,958,732	(24,247)	-0.17%
Restricted	973,941	871,309	102,632	11.78%
Unrestricted (deficit)	(2,592,747)	(4,466,436)	1,873,689	41.95%
<b>Total net position</b>	<b>\$ 12,315,679</b>	<b>\$ 10,363,605</b>	<b>\$ 1,952,074</b>	<b>18.84%</b>

The deferred outflows increase of \$1 million is due to the change in assumptions used for PERA's actuarial valuation. See the Notes to the Financial Statements for additional information on GASB 68 and GASB 75. The remaining \$1.8 million change in unrestricted net position is due to the district's pension impacts within the deferred inflows of resources.

The effect of the PERA pension and OPEB on the District's total net position for the fiscal year 2021 and 2020 is summarized below:

	Fiscal Year 2021	Fiscal Year 2020
Net Position (GAAP Basis)	\$ 12,315,679	\$ 10,363,605
GASB 68 - Pension	5,470,336	6,916,805
GASB 75 - OPEB	236,886	256,359
Net Position Excluding Pension and OPEB	<u>\$ 18,022,901</u>	<u>\$ 17,536,769</u>

The effect of the PERA pension and OPEB on the District's unrestricted net position is summarized below:

	Fiscal Year 2021	Fiscal Year 2020
Net Position (GAAP Basis)	\$ (2,592,747)	\$ (4,466,436)
GASB 68 - Pension	5,470,336	6,916,805
GASB 75 - OPEB	236,886	256,359
Net Position Excluding Pension and OPEB	<u>\$ 3,114,475</u>	<u>\$ 2,706,728</u>

The following condensed financial information is derived from the government-wide statement of activities and reflects how the district's net position changed from June 30, 2020, to June 30, 2021.

**Comparative Summary of Activities and Changes in Net Position**

	Primary Government			
	Governmental Activities		Increase (Decrease)	% Change from 2020
	June 30, 2021	June 30, 2020		
<b>REVENUES</b>				
Program revenues:				
Charges for services	\$ 15,161	\$ 14,644	\$ 517	3.53%
Operating grants & contributions	1,449,855	1,277,380	172,475	13.50%
General revenues:				
Property taxes	1,275,141	1,112,217	162,924	14.65%
State share	1,765,129	1,947,990	(182,861)	-9.39%
Other	18,082	15,624	2,458	15.73%
<b>Total revenues</b>	<b>4,523,368</b>	<b>4,367,855</b>	<b>155,513</b>	<b>3.56%</b>
<b>EXPENSES</b>				
Instruction	1,124,451	1,507,649	(383,198)	-25.42%
Supporting services	1,166,693	941,471	225,222	23.92%
Other support services	5,634	13,583	(7,949)	-58.52%
Food service operations	95,302	122,601	(27,299)	-22.27%
Interest on long-term debt	174,064	183,524	(9,460)	-5.15%
<b>Total expenses</b>	<b>2,566,144</b>	<b>2,768,828</b>	<b>(202,684)</b>	<b>-7.32%</b>
<b>Change in net position</b>	<b>1,952,074</b>	<b>1,599,027</b>	<b>353,047</b>	<b>22.08%</b>
Net position - beginning of year	10,363,605	8,764,578	1,599,027	18.24%
<b>Net position - end of year</b>	<b>\$ 12,315,679</b>	<b>\$ 10,363,605</b>	<b>\$ 1,952,074</b>	<b>18.84%</b>

**Analysis of the District's Governmental Funds**

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the district's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Unassigned fund balance may serve as a useful measure of the net resources available for spending. The governmental funds use the modified accrual basis of accounting. The fund financial statements provide information about the district's most significant funds and summarize less significant funds into one column.

The Colorado constitution requires an emergency reserve of 3.0 percent of expenditures, with certain federal and local expenditures excluded from this requirement. On the district's Balance Sheet for Governmental Funds, the requirement amount of \$94,000 is shown as fund balance restricted for TABOR emergency reserve.

*General Fund.* The General Fund's unassigned fund balance is \$3 million, which provides a measure of the district's net resources available for spending at the end of the fiscal year. This is an increase of \$0.4 million from the prior

year. Fund balances increased in the general fund. The increase in the general fund was due to an underspending of expenditures.

The district’s board of education has not set a policy requiring a minimum total fund balance in the General Fund. Management believes the 82.2% general fund operating reserve ratio is a responsible amount given the unpredictability of revenue related to pupil count and the unpredictability of expenditures related to insurance and special education. The district’s operating reserve was 59.9% in 2020. This year marks the sixth year of the district spending less than its current revenues. This fiscal discipline allowed the district to increase its fiscal health in meeting the financial indicator benchmarks set by the state.

*Revenues.* Governmental funds revenue increased by \$0.01 million with the increase driven by operating grants & contributions. Operating grants & contributions increased with additional grant funding provided to the district in 2021. The remaining local revenues remaining relatively flat.

*Expenditures.* Total governmental funds expenditures increased slightly to \$4 million. Excluding debt service, expenditures were \$3.6 million.

**General Fund Budgetary Highlights**

Actual revenues were under budget by 1.6 million. The positive variance in expenditures related to an underspending in Instructional Program expenditures of \$349,114 and underspending of \$1,633,767 in Student Support Services.

**Capital Assets and Debt Administration**

**Capital assets**

Net of depreciation, the district’s capital assets as of June 30, 2021, totaled \$17.98 million, which is invested in land, buildings, equipment, vehicles and construction in progress. Current fiscal year depreciation totaled \$440,488. Other than depreciation, changes in 2021 related to the Equipment and Vehicles activities.

	<b>Capital Assets</b>				
	(Net of Depreciation)				
	Primary Government		Increase (Decrease)	% Change From 2019	
Governmental Activities					
	June 30, 2021	June 30, 2020			
Land	\$ 45,124	\$ 45,124	\$ -		-
Buildings and improvements	17,687,394	18,098,947	(411,553)		-2.2%
Equipment and vehicles	243,131	86,362	156,769		181.53%
Subtotal	17,975,649	18,230,433	(254,784)		991.45%
Total	\$ 17,975,649	\$ 18,230,433	\$ (254,784)		-1.4%

For more information on the district’s capital assets, refer to Note 7 Capital Assets in the Notes to the Financial Statements.

**Long-Term Debt**

The remaining long-term debt principal is \$4 million with \$0.2 million due in one year. For more information on the district’s long-term debt, refer to Note 9 Noncurrent Liabilities in the Notes to the Financial Statements.

**Outstanding Debt  
 June 30,**

	Primary Government		Increase (Decrease)	% Change From 2019
	Governmental Activities			
	June 30, 2021	June 30, 2020		
General obligation bonds	\$ 4,041,164	\$ 4,271,701	\$ (230,537)	-5.4%

***Other Highlights***

Additional information related to capital assets and debt administration are located in Note 7 and Note 9 respectively.

The actual pupil enrollment at the district is projected to decrease for FY 21-22. Such a decline will be offset in part by a funded pupil count averaging provision implemented by the Colorado Department of Education for increased enrollment districts. Therefore, an actual enrollment count for FY21-22 of 150 will be funded closer to 193.8, thereby reducing the single year impact for such enrollment declines.

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Relief Fund (CRF) and Elementary and Secondary School Emergency Relief (ESSER) funding has been awarded to the District to mitigate some of the cost/losses as result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

***Requests for Information***

This financial report is designed to provide 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 information, please contact the Superintendent, South Conejos School District RE-10, 31099 County Road G, Antonito, Colorado 81120, or visit our website at southconejos.com.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**BASIC FINANCIAL STATEMENTS**

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	<b>Primary Government</b>
	<b>Governmental</b>
	<b>Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 4,215,874
Cash with County Treasurer	35,811
Property Tax Receivable	93,818
Grant Receivable	48,067
Due from Other Governments	77,436
Inventories	1,841
<b>Capital Assets</b>	
Land	45,124
Land Improvements	350,349
Buildings	19,759,308
Equipment	37,179
Vehicles	611,166
Less: Accumulated Depreciation	(2,827,477)
<b>TOTAL ASSETS</b>	<b>22,448,496</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	1,538,116
OPEB	13,176
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,551,292</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	1,013
Accrued Salaries and Benefits	232,292
Unearned Grant Revenue	119,785
General Obligation Bonds	240,191
<b>Total Current Liabilities</b>	<b>593,281</b>
<b>Noncurrent Liabilities</b>	
General Obligation Bonds	3,800,973
Compensated Absences	31,341
Net Pension Liability	4,794,673
Net OPEB Liability	174,322
<b>Total Noncurrent Liabilities</b>	<b>8,801,309</b>
<b>TOTAL LIABILITIES</b>	<b>9,394,590</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	2,213,779
OPEB	75,740
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,289,519</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	13,934,485
Restricted for:	
TABOR	94,000
Debt Service	774,100
Preschool	105,841
Unrestricted	(2,592,747)
<b>TOTAL NET POSITION</b>	<b>\$ 12,315,679</b>

The accompanying notes are an integral part of this financial statement.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Instructional Program	\$ 1,124,451	\$ -	\$ 751,975	\$ -	\$ (372,476)
Student Support Services	456,794	9,552	550,245	-	103,003
Instructional Staff Support Services	80,221	-	-	-	(80,221)
General Administration Support Services	215,490	-	-	-	(215,490)
School Administration Support Services	38,867	-	-	-	(38,867)
Business Support Services	4,613	-	-	-	(4,613)
Operations and Maint. of Plant Services	167,441	-	-	-	(167,441)
Student Transportation Services	87,284	-	41,843	-	(45,441)
Central Support Services	115,983	-	-	-	(115,983)
Other Support Services	5,634	-	-	-	(5,634)
Food Services	95,302	5,609	105,792	-	16,099
Interest on Long-term Debt	174,064	-	-	-	(174,064)
<b>Total Governmental Activities</b>	<b>2,566,144</b>	<b>15,161</b>	<b>1,449,855</b>	<b>-</b>	<b>(1,101,128)</b>
<b>Total Primary Government</b>	<b>\$ 2,566,144</b>	<b>\$ 15,161</b>	<b>\$ 1,449,855</b>	<b>\$ -</b>	<b>(1,101,128)</b>
<b>General Revenues</b>					
Taxes:					
					1,071,365
					203,776
					-
					1,765,129
					4,321
					8,611
					5,150
					<u>3,053,202</u>
					<b>Change in Net Position</b>
					1,952,074
					<u>Net Position - Beginning of year</u>
					10,363,605
					<u>Net Position - End of year</u>
					<u>\$ 12,315,679</u>

The accompanying notes are an integral part of this financial statement.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2021**

	<b>GENERAL FUND</b>	<b>BOND REDEMPTION FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and Investments	\$ 3,372,601	\$ 743,449	\$ 99,824	\$ 4,215,874
Cash with County Treasurer	29,700	6,111	-	35,811
Property Tax Receivable	52,700	41,118	-	93,818
Grant Receivable	-	-	48,067	48,067
Due from Other Funds	-	-	-	-
Due from Other Governments	65,834	-	11,602	77,436
Inventories	-	-	1,841	1,841
Prepaid Expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,520,835</b>	<b>\$ 790,678</b>	<b>\$ 161,334</b>	<b>\$ 4,472,847</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,237	\$ -	\$ (224)	\$ 1,013
Due to Other Funds	-	-	-	-
Accrued Salaries and Benefits	200,104	-	32,188	232,292
Unearned Grant Revenue	115,619	-	4,166	119,785
<b>TOTAL LIABILITIES</b>	<b>316,960</b>	<b>-</b>	<b>36,130</b>	<b>353,090</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Tax	28,484	16,578	-	45,062
<b>FUND BALANCE</b>				
Nonspendable - Inventory	-	-	1,841	1,841
Restricted				
TABOR	94,000	-	-	94,000
Debt Service	-	774,100	-	774,100
Preschool	105,841	-	-	105,841
Committed				
Pupil Activities	-	-	119,273	119,273
Food Service	-	-	4,090	4,090
Unassigned	2,975,550	-	-	2,975,550
<b>TOTAL FUND BALANCE</b>	<b>3,175,391</b>	<b>774,100</b>	<b>125,204</b>	<b>4,074,695</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,520,835</b>	<b>\$ 790,678</b>	<b>\$ 161,334</b>	<b>\$ 4,472,847</b>

The accompanying notes are an integral part of this financial statement.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**

<b>Total governmental fund balances</b>		<b>\$ 4,074,695</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		17,975,649
Certain deferred inflows related to unavailable fund resources do not provide current financial resources and the revenues are not recognized on the fund financial statements but are recognized on the government-wide financial statements		45,062
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		1,551,292
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.		
General Obligation Bonds	\$ (4,041,164)	
Compensated Absences	<u>(31,341)</u>	
		(4,072,505)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(4,968,995)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(2,289,519)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 12,315,679</u></u></b>

The accompanying notes are an integral part of this financial statement.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2021**

	<b>GENERAL FUND</b>	<b>BOND REDEMPTION FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>				
Federal Sources	\$ 426,505	\$ -	\$ 411,145	\$ 837,650
State Sources	2,371,411	-	760	2,372,171
Intermediate Sources	8	-	-	8
Local Sources	774,607	512,915	15,717	1,303,239
<b>TOTAL REVENUES</b>	<b>3,572,531</b>	<b>512,915</b>	<b>427,622</b>	<b>4,513,068</b>
<b>EXPENDITURES</b>				
Instructional Program	1,449,997	-	118,426	1,568,423
Student Supporting Services	487,991	-	108,347	596,338
Instructional Staff Supporting Services	6,784	-	73,437	80,221
General Administration Supporting Services	349,380	752	19,545	369,677
School Administration Supporting Services	103,220	-	-	103,220
Business Supporting Services	12,781	-	-	12,781
Operations and Maintenance of Plant Services	257,182	-	-	257,182
Student Transportation Services	301,413	-	-	301,413
Central Supporting Services	153,815	-	-	153,815
Other Supporting Services	5,634	-	-	5,634
Food Services	8,863	-	145,671	154,534
Debt Service	-	404,601	-	404,601
<b>TOTAL EXPENDITURES</b>	<b>3,137,060</b>	<b>405,353</b>	<b>465,426</b>	<b>4,007,839</b>
Excess (deficiency) of revenues over expenditures	435,471	107,562	(37,804)	505,229
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	5,150	-	-	5,150
Transfers to Other Funds	(33,500)	-	-	(33,500)
Transfers from Other Funds	-	-	33,500	33,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(28,350)</b>	<b>-</b>	<b>33,500</b>	<b>5,150</b>
Net Change in Fund Balance	407,121	107,562	(4,304)	510,379
<b>Fund Balance, Beginning of Year</b>	<b>2,768,270</b>	<b>666,538</b>	<b>129,508</b>	<b>3,564,316</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,175,391</b>	<b>\$ 774,100</b>	<b>\$ 125,204</b>	<b>\$ 4,074,695</b>

The accompanying notes are an integral part of this financial statement.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

**Net change in fund balances - total governmental funds** \$ 510,379

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the capital asset activity.

Capital Asset additions	\$ 185,704	
Depreciation expense	<u>(440,488)</u>	(254,784)

Unearned revenue does not provide current financial resources on the governmental fund financial statements, but this change in unearned revenue from year to year is recognized on the government-wide financial statements. -

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payment on general obligation bonds		230,537
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated Absences		-
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense. 1,465,942

**Change in net position of governmental activities** \$ 1,952,074

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards.

**REPORTING ENTITY**

***Primary Government***

South Conejos School District RE-10 was organized under the School District Act of 1965. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and submits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the South Conejos School District RE-10 has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Bond Redemption Fund** is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on the long-term general obligation debt.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

***Cash with Fiscal Agent***

Conejos County collects property taxes for the District and holds the funds in trust until sent to the District, generally on a monthly basis. The amount held by the County Treasurer is included as a receivable on the balance sheet and statement of net position.

***Investments***

All investments, if any, are recorded at fair market value.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2021 have been recorded in the financial statements as an asset and a corresponding deferred inflows of resources.

***Receivables/Payables From Other District Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

***Inventories***

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

***USDA Commodities***

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

***Capital Assets***

Capital Assets, which include land, land improvements, buildings and improvements, equipment, vehicles, and construction in progress are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	10-20
Buildings and Improvements	5-35
Equipment	5-25
Vehicles	5-12

***Long-Term Obligations***

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

***Compensated Absences***

Employees of the District may accumulate sick leave up to 30 days. Upon retirement from the District, an employee will receive the certified substitute teacher's rate per day for each sick day accumulated. Employees leaving the District for any other reason will receive one-fourth the daily substitute rate for each sick day accumulated. A liability is accrued in the government-wide financial statements.

***Unearned Grant Revenue***

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pension and other postemployment benefits must be deferred.

***Pension***

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

***Other Postemployment Benefits (OPEB)***

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the fiduciary net position 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.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

***Fund Balance***

Fund balances are reported by classification 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. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

***Encumbrances***

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

South Conejos School District RE-10 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2021.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget if applicable.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 3 CASH, DEPOSITS, AND INVESTMENTS**

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks	\$ 3,460,713
Investments	
ColoTrust	11,712
Money Market- Zion's Bank	743,449
Total cash, deposits, and investments on the Statement of Net Position	\$ 4,215,874

***Cash and Deposits***

Colorado State Statutes govern the District’s deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 102% of the aggregate 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, \$3,010,724 of the District’s bank balance of \$3,460,713 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

***Investments***

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com. The total COLOTRUST investment was valued at \$11,712 at June 30, 2021.

*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 losses arising from increasing interest rates.

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

*Concentration of Credit Risk* - The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At June 30, 2021, the District had an estimated property tax receivable of \$93,818.

**NOTE 5 DUE FROM OTHER GOVERNMENTS**

Intergovernmental 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.

As of June 30, 2021, the District had \$77,436 due from Federal, State, and Local governments, reflected as Due from Other Governments in the accompanying basic financial statements.

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2021, were as follows:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
Food Service Fund	General Fund	\$ 33,500
Total		\$ 33,500

These transfers were made from the General Fund to supplement the food service fund.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	<b>Balance 6/30/2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2021</b>
Capital assets not being depreciated				
Land	\$ 45,124	\$ -	\$ -	\$ 45,124
Total capital assets not being depreciated	<u>45,124</u>	<u>-</u>	<u>-</u>	<u>45,124</u>
Capital assets being depreciated				
Land Improvements	350,349	-	-	350,349
Buildings and Improvements	19,759,308	-	-	19,759,308
Equipment	36,475	-	-	36,475
Food Service Equipment	704	-	-	704
Vehicles	463,912	185,704	(38,450)	611,166
Total capital assets being depreciated	<u>20,610,748</u>	<u>185,704</u>	<u>(38,450)</u>	<u>20,758,002</u>
Less: Accumulated Depreciation for				
Land improvements	(48,277)	(14,340)	-	(62,617)
Buildings and Improvements	(1,962,433)	(397,213)	-	(2,359,646)
Equipment	(13,974)	(5,211)	-	(19,185)
Food Service Equipment	(704)	-	-	(704)
Vehicles	(400,051)	(23,724)	38,450	(385,325)
Total accumulated depreciation	<u>(2,425,439)</u>	<u>(440,488)</u>	<u>38,450</u>	<u>(2,827,477)</u>
Total Capital Assets being depreciated, net	<u>18,185,309</u>	<u>(254,784)</u>	<u>-</u>	<u>17,930,525</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 18,230,433</u>	<u>\$ (254,784)</u>	<u>\$ -</u>	<u>\$ 17,975,649</u>

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

Governmental activities:	
Instructional Program	\$ 397,213
Student Support Services	19,551
Student Transportation Services	<u>23,724</u>
Total depreciation expense – governmental activities	<u>\$ 440,488</u>

**NOTE 8 ACCRUED SALARIES AND BENEFITS**

The teachers, administrators, and the administrative staff are employed under nine, ten and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of

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salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$232,292.

**NOTE 9 LONG-TERM LIABILITIES**

***Changes in Long-Term Liabilities***

Long-term liability balances for the year ended June 30, 2021, were as follows:

	<u>Balance</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Due within</u> <u>one year</u>
Governmental Activities					
General Obligation Bonds	\$ 4,271,701	\$ -	\$ (230,537)	\$ 4,041,164	\$ 240,191
Compensated Absences	31,341	-	-	31,341	-
Total	<u>\$ 4,303,042</u>	<u>\$ -</u>	<u>\$ (230,537)</u>	<u>\$ 4,072,505</u>	<u>\$ 240,191</u>

***General Obligation Bonds***

In 2014, the District issued \$5,477,745 of general obligation bonds that were used for an escrow match to build the PK-12 school replacement. The district was awarded a Building Excellent Schools Today (BEST) lease-purchase grant requiring the escrow match. Principal is due annually on December 1, and interest at a rate of 4.18% is due semiannually on June 1, and December 1. Payments are made through the Bond Redemption Fund.

The annual debt service for the general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2022	\$ 240,191	\$ 164,207	\$ 404,398
FY 2023	250,250	153,938	404,188
FY 2024	260,730	143,238	403,968
FY 2025	271,649	132,091	403,740
FY 2026	283,025	120,476	403,501
FY 2027-2031	1,603,158	410,412	2,013,570
FY 2032-2034	1,132,161	72,416	1,204,577
	<u>\$ 4,041,164</u>	<u>\$ 1,196,778</u>	<u>\$ 5,237,942</u>

**NOTE 10 DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plan***

*Plan description.* Eligible employees of the District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time

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by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2020.* 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 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent 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.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also 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 percent or 100 percent 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.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contributions provisions as of June 30, 2021.* Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

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	July 1, 2020 Through June 30, 2021
Employer Contribution Rate	10.90%
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	9.88%
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	19.88%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$347,995, for the year ended June 30, 2021.

**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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, the District reported a liability of \$4,794,673 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

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South Conejos School District's proportionate share of the net pension liability	\$ 4,794,673
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the South Conejos School District	-
	\$ 4,794,673

At December 31, 2020, the District's proportion was 0.0317 percent, which was an increase of 0.0039 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$1,446,469) and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 263,443	\$ -
Changes of assumptions or other inputs	461,233	805,944
Net difference between projected and actual earnings on pension plan investments	-	1,055,417
Changes in proportion and differences between contributions recognized and proportionate share of contributions	631,646	352,418
Contributions subsequent to the measurement date	181,794	-
Total	\$ 1,538,116	\$ 2,213,779

\$181,794 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2022	\$	(895,052)
2023		288,961
2024		(84,867)
2025		(166,498)
2026		-
Thereafter		-

*Actuarial assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.70%
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:	

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PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. 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 PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent 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 percent of the rates for all ages with generational projection using scale MP-2019.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
Total	<u>100.00%</u>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 rate of return assumption of 7.25 percent.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. 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 percent.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB

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20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, the State's 2020-21 fiscal year.

- 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 6,540,326	\$ 4,794,673	\$ 3,339,968

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

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

***General Information about the OPEB Plan***

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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*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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare 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 percent 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 on behalf of benefit recipients not covered by Medicare Part A.

*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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$17,855 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$174,322 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

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At December 31, 2020, the District's proportion was 0.0183 percent, which was an increase of 0.0002 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the District recognized OPEB expense of (\$19,473). At June 30, 2021, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 463	\$ 38,324
Changes of assumptions or other inputs	1,303	10,689
Net difference between projected and actual earnings on OPEB plan investments	-	7,123
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,083	19,604
Contributions subsequent to the measurement date	9,327	-
Total	<u>\$ 13,176</u>	<u>\$ 75,740</u>

\$9,327 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (19,416)
2023	(18,419)
2024	(16,531)
2025	(13,009)
2026	(4,253)
Thereafter	(265)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
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 percent
PERACare Medicare plans	8.10% in 2020, gradually Decreasing to 4.50 percent in 2029

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Medicare Part A premiums 3.50% in 2020,  
gradually increasing to 4.50  
percent in 2029

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, in the December 2019, valuation, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

Initial Costs for Members without Medicare Part A			
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB

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liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund
	School Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.40%-11.00%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent 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 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
Total	<u>100.00%</u>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 rate of return assumption of 7.25 percent.

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Part A 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	\$ 169,817	\$ 174,322	\$ 179,567

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. 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, 2020, 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

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

*Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 199,689	\$ 174,322	\$ 152,648

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

**NOTE 12 DEFINED CONTRIBUTION PENSION PLAN**

*Plan Description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, 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 CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2021 program members contributed \$26,137 for the Voluntary Investment Program.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 13 JOINT VENTURES AND RELATED PARTIES**

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

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

**San Luis Valley 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 Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2021. Complete separate financial statements may be obtained from BOCES.

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

***Grant Programs***

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

***Litigation***

The District is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

***COVID-19***

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Relief Fund (CRF) and Elementary and Secondary School Emergency Relief (ESSER) funding has been awarded to the District to mitigate some of the costs/losses as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 15 TABOR EMERGENCY RESERVE**

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996 voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1996, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**NOTE 16 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

# **SOUTH CONEJOS SCHOOL DISTRICT RE-10**

## **REQUIRED SUPPLEMENTARY INFORMATION**

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 70,600	\$ 2,013,109	\$ 426,505	\$ (1,586,604)
State Sources	2,402,119	2,416,902	2,371,411	(45,491)
Intermediate Sources	11	11	8	(3)
Local Sources	721,098	798,292	774,607	(23,685)
<b>TOTAL REVENUES</b>	<b>3,193,828</b>	<b>5,228,314</b>	<b>3,572,531</b>	<b>(1,655,783)</b>
<b>EXPENDITURES</b>				
Instructional Program	1,597,708	1,799,111	1,449,997	349,114
Student Supporting Services	208,635	2,121,758	487,991	1,633,767
Instructional Staff Supporting Services	11,554	4,610	6,784	(2,174)
General Administration Supporting Services	308,802	356,736	349,380	7,356
School Administration Supporting Services	104,000	105,942	103,220	2,722
Business Supporting Services	10,000	12,400	12,781	(381)
Operations and Maintenance of Plant Services	286,756	279,202	257,182	22,020
Student Transportation Services	323,093	312,606	301,413	11,193
Central Supporting Services	167,419	164,876	153,815	11,061
Food Service	12,000	8,863	8,863	-
Other Supporting Services	-	6,349	5,634	715
Reserves	108,000	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,137,967</b>	<b>5,172,453</b>	<b>3,137,060</b>	<b>2,035,393</b>
Excess (deficiency) of revenues over expenditures	55,861	55,861	435,471	379,610
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	5,150	5,150
Transfers to Other Funds	(55,861)	(55,861)	(33,500)	22,361
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(55,861)</b>	<b>(55,861)</b>	<b>(28,350)</b>	<b>27,511</b>
Net Change in Fund Balance	-	-	407,121	407,121
<b>Fund Balance, Beginning of Year</b>	<b>2,768,270</b>	<b>2,768,270</b>	<b>2,768,270</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 2,768,270</b>	<b>\$ 2,768,270</b>	<b>\$ 3,175,391</b>	<b>\$ 407,121</b>

**Notes to the Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0317150302%	0.0277719391%	0.0287751278%	0.0348434583%	0.0377331817%	0.0391960844%	0.0423292687%	0.0432666900%
District's proportionate share of the net pension liability (asset)	\$ 4,794,673	\$ 4,149,067	\$ 5,095,227	\$ 11,267,136	\$ 11,234,627	\$ 5,994,764	\$ 5,737,038	\$ 5,518,655
State's proportionate share of the net pension liability(asset) associated with the District	-	526,256	696,702	-	-	-	-	-
Total	<u>\$ 4,794,673</u>	<u>\$ 4,675,323</u>	<u>\$ 5,791,929</u>	<u>\$ 11,267,136</u>	<u>\$ 11,234,627</u>	<u>\$ 5,994,764</u>	<u>\$ 5,737,038</u>	<u>\$ 5,518,655</u>
District's covered payroll	\$ 1,696,480	\$ 1,632,144	\$ 1,517,283	\$ 1,607,291	\$ 1,693,533	\$ 1,708,157	\$ 1,773,292	\$ 1,744,216
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	283%	254%	336%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 347,995	\$ 322,603	\$ 297,133	\$ 290,726	\$ 308,541	\$ 301,153	\$ 290,878	\$ 286,878
Contributions in relation to the contractually required contribution	<u>(347,995)</u>	<u>(322,603)</u>	<u>(297,133)</u>	<u>(290,726)</u>	<u>(308,541)</u>	<u>(301,153)</u>	<u>(290,878)</u>	<u>(286,878)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,750,476	\$ 1,669,516	\$ 1,553,233	\$ 1,543,005	\$ 1,678,342	\$ 1,697,751	\$ 1,722,369	\$ 1,792,860
Contributions as a percentage of covered payroll	19.88%	19.32%	19.13%	18.84%	18.38%	17.74%	16.89%	16.00%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0183453543%	0.0181519117%	0.0187039927%	0.0197979648%	0.0214479993%
District's proportionate share of the net OPEB liability (asset)	\$ 174,322	\$ 204,027	\$ 254,476	\$ 257,367	\$ 278,081
District's covered payroll	\$ 1,750,476	\$ 1,632,144	\$ 1,517,283	\$ 1,607,291	\$ 1,693,533
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10%	13%	17%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	20.00%

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

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 17,855	\$ 17,977	\$ 15,843	\$ 15,739	\$ 17,119	\$ 17,317	\$ 17,568
Contributions in relation to the contractually required contribution	<u>(17,855)</u>	<u>(17,977)</u>	<u>(15,843)</u>	<u>(15,739)</u>	<u>(17,119)</u>	<u>(17,317)</u>	<u>(17,568)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,750,476	\$ 1,669,516	\$ 1,553,233	\$ 1,543,005	\$ 1,678,342	\$ 1,697,751	\$ 1,722,353
Contributions as a percentage of covered payroll	1.02%	1.08%	1.02%	1.02%	1.02%	1.02%	1.02%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2021**

**NOTE 1 NET PENSION LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

*2020*

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

*2019* The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

*2018* The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

*2017* The discount rate was lowered from 5.26% to 4.78%.

*2016*

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

*2015* There were no changes in assumptions or other inputs this measurement period compared to the prior year.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2021**

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

*2020*

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

*2019*

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

*2018* There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

*2017* The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

# **SOUTH CONEJOS SCHOOL DISTRICT RE-10**

## **SUPPLEMENTARY INFORMATION**

The combining and individual fund financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Governmental Designated Purpose Fund** – This fund is used to record financial transactions for grants received for designated programs funded by federal, state, or local grantors.

**Food Service Fund** – This fund is used to account for the operations of the school breakfast and lunch programs. Revenues are derived from federal and state food service grants, District contributions, and student and adult charges.

**Pupil Activity Fund** – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

	SPECIAL REVENUE			
	FUNDS			
	GOVERNMENTAL			TOTAL
	FOOD SERVICE FUND	DESIGNATED PURPOSE FUND	PUPIL ACTIVITY FUND	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,739	\$ (25,188)	\$ 119,273	\$ 99,824
Due from Other Governments	11,602	-	-	11,602
Grant Receivable	-	48,067	-	48,067
Inventory	1,841	-	-	1,841
<b>TOTAL ASSETS</b>	<b>\$ 19,182</b>	<b>\$ 22,879</b>	<b>\$ 119,273</b>	<b>\$ 161,334</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 6	\$ (230)	\$ -	\$ (224)
Accrued Salaries and Benefits	13,245	18,943	-	32,188
Unearned Grant Revenue	-	4,166	-	4,166
<b>TOTAL LIABILITIES</b>	<b>13,251</b>	<b>22,879</b>	<b>-</b>	<b>36,130</b>
<b>FUND BALANCE</b>				
Nonspendable - Inventory	1,841	-	-	1,841
Committed Fund Balance				
Food Service	4,090	-	-	4,090
Pupil Activity	-	-	119,273	119,273
Governmental Designated Purpose	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>5,931</b>	<b>-</b>	<b>119,273</b>	<b>125,204</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 19,182</b>	<b>\$ 22,879</b>	<b>\$ 119,273</b>	<b>\$ 161,334</b>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

	SPECIAL REVENUE			
	FUNDS			
	GOVERNMENTAL			TOTAL NONMAJOR GOVERNMENTAL
	FOOD SERVICE FUND	DESIGNATED PURPOSE FUND	PUPIL ACTIVITY FUND	
<b>REVENUES</b>				
Federal Sources	\$ 105,032	\$ 306,113	\$ -	\$ 411,145
State Sources	760	-	-	760
Local Sources	5,609	-	10,108	15,717
<b>TOTAL REVENUES</b>	<u>111,401</u>	<u>306,113</u>	<u>10,108</u>	<u>427,622</u>
<b>EXPENDITURES</b>				
Instructional Program	-	104,783	13,643	118,426
Student Supporting Services	-	108,347	-	108,347
Instructional Staff Supporting Services	-	73,437	-	73,437
General Administrative Supporting Services	-	19,545	-	19,545
Food Services	145,671	-	-	145,671
<b>TOTAL EXPENDITURES</b>	<u>145,671</u>	<u>306,112</u>	<u>13,643</u>	<u>465,426</u>
Excess (deficiency) of revenues over expenditures	<u>(34,270)</u>	<u>1</u>	<u>(3,535)</u>	<u>(37,804)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	<u>33,500</u>	<u>-</u>	<u>-</u>	<u>33,500</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>33,500</u>	<u>-</u>	<u>-</u>	<u>33,500</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(770)	1	(3,535)	(4,304)
<b>Fund Balance, Beginning of Year</b>	<u>6,701</u>	<u>(1)</u>	<u>122,808</u>	<u>129,508</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,931</u>	<u>\$ -</u>	<u>\$ 119,273</u>	<u>\$ 125,204</u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 93,498	\$ 101,750	\$ 105,032	\$ 3,282
State Sources	800	800	760	(40)
Local Sources	15,322	15,322	5,609	(9,713)
<b>TOTAL REVENUES</b>	<u>109,620</u>	<u>117,872</u>	<u>111,401</u>	<u>(9,713)</u>
<b>EXPENDITURES</b>				
Food Service	<u>165,481</u>	<u>173,733</u>	<u>145,671</u>	<u>28,062</u>
<b>TOTAL EXPENDITURES</b>	<u>165,481</u>	<u>173,733</u>	<u>145,671</u>	<u>28,062</u>
Excess (deficiency) of revenues over expenditures	<u>(55,861)</u>	<u>(55,861)</u>	<u>(34,270)</u>	<u>(21,591)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	<u>55,861</u>	<u>55,861</u>	<u>33,500</u>	<u>22,361</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>55,861</u>	<u>55,861</u>	<u>33,500</u>	<u>22,361</u>
Net Change in Fund Balance	-	-	(770)	(770)
<b>Fund Balance, Beginning of Year</b>	<u>6,701</u>	<u>6,701</u>	<u>6,701</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,701</u>	<u>\$ 6,701</u>	<u>\$ 5,931</u>	<u>\$ (770)</u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND**  
**For the Year Ended June 30, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 300,785	\$ 360,610	\$ 306,113	\$ (54,497)
<b>TOTAL REVENUES</b>	<u>300,785</u>	<u>360,610</u>	<u>306,113</u>	<u>(54,497)</u>
<b>EXPENDITURES</b>				
Instructional Program	65,956	125,781	104,783	20,998
Student Support Services	132,041	132,041	108,347	23,694
Instructional Support Services	82,673	82,673	73,437	9,236
General Administration Support Services	20,115	20,115	19,545	570
<b>TOTAL EXPENDITURES</b>	<u>300,785</u>	<u>360,610</u>	<u>306,112</u>	<u>54,498</u>
Net Change in Fund Balance	-	-	1	1
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PUPIL ACTIVITY FUND**  
**For the Year Ended June 30, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 80,400	\$ 30,000	\$ 10,108	\$ (19,892)
<b>TOTAL REVENUES</b>	<u>80,400</u>	<u>30,000</u>	<u>10,108</u>	<u>(19,892)</u>
<b>EXPENDITURES</b>				
Instructional Program	<u>80,400</u>	<u>30,000</u>	<u>13,643</u>	<u>16,357</u>
<b>TOTAL EXPENDITURES</b>	<u>80,400</u>	<u>30,000</u>	<u>13,643</u>	<u>16,357</u>
Net Change in Fund Balance	-	-	(3,535)	(3,535)
<b>Fund Balance, Beginning of Year</b>	<u>122,808</u>	<u>122,808</u>	<u>122,808</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 122,808</u>	<u>\$ 122,808</u>	<u>\$ 119,273</u>	<u>\$ (3,535)</u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BOND REDEMPTION FUND**  
**For the Year Ended June 30, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 507,822	\$ 507,822	\$ 512,915	\$ 5,093
<b>TOTAL REVENUES</b>	<u>507,822</u>	<u>507,822</u>	<u>512,915</u>	<u>5,093</u>
<b>EXPENDITURES</b>				
General Administration Support Services	750	750	752	(2)
Debt Service	507,072	507,072	404,601	102,471
<b>TOTAL EXPENDITURES</b>	<u>507,822</u>	<u>507,822</u>	<u>405,353</u>	<u>102,469</u>
Net Change in Fund Balance	-	-	107,562	107,562
<b>Fund Balance, Beginning of Year</b>	<u>666,538</u>	<u>666,538</u>	<u>666,538</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 666,538</u>	<u>\$ 666,538</u>	<u>\$ 774,100</u>	<u>\$ 107,562</u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**

**SINGLE AUDIT SECTION**

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Child Nutrition Cluster</i></b>			
U.S. Department of Agriculture			
COVID-19 School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 5,861
COVID-19 National School Lunch Program	10.555	Colorado Department of Education, 4555	9,925
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	4,551
Summer Food Service Program	10.559	Colorado Department of Education, 4559	79,708
Total National School Lunch Program			<u>100,045</u>
<b><i>Total Child Nutrition Cluster</i></b>			<u>100,045</u>
<b><i>Forest Service Schools and Roads Cluster</i></b>			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Conejos County Treasurer, 7665	26,703
<b><i>Total Forest Service Schools and Roads Cluster</i></b>			<u>26,703</u>
<b><i>Total United States Department of Agriculture</i></b>			<u>126,748</u>
<b><i>Total All Clusters</i></b>			<u>126,748</u>
<b><i>Other Programs</i></b>			
U.S. Department of Agriculture			
Federal Fresh Fruit & Vegetable Program	10.582	Colorado Department of Education, 4582	4,988
<b><i>Total U.S. Department of Agriculture</i></b>			4,988
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010/5010	287,622
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	7,794
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	Colorado Department of Education, 4425/5525	107,226
Rural Education	84.358B	Colorado Department of Education, 6358	3,155
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	1,489
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	7,540
<b><i>Total U.S. Department of Education</i></b>			<u>414,826</u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2021**

<i><b>Federal Grantor/Program or Cluster Title</b></i>	<i><b>Federal Assistance Number</b></i>	<i><b>Pass-through Grantor and Number</b></i>	<i><b>Federal Expenditures(\$)</b></i>
<hr/>			
U.S. Department of Treasury			
COVID-19 Coronavirus Relief Fund	21.019	Colorado Department of Education, 4012/5012	<u>291,087</u>
<i>Total U.S. Department of Treasury</i>			<u>291,087</u>
<i><b>Total Other Programs</b></i>			<u>710,901</u>
<i><b>Total Expenditures of Federal Awards</b></i>			<u><u>\$ 837,649</u></u>

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. South Conejos School District RE-10 did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2021. In addition, the District did not pass-through federal funds to subrecipients.

**NOTE 2: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of South Conejos School District RE-10 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Conejos School District RE-10, it is not intended to and does not present the financial position or changes in net position of South Conejos School District RE-10.

**NOTE 3: FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.



Wall,  
Smith,  
Bateman Inc.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
South Conejos School District RE-10  
Antonito, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Conejos School District RE-10 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001 that we consider to be a significant deficiency.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

### **Compliance and Other Matters**

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

### **District's Response to the Finding**

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

November 30, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
South Conejos School District RE-10  
Antonito, Colorado

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

We have audited South Conejos School District RE-10's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, South Conejos School District RE-10 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

November 30, 2021

**SOUTH CONEJOS SCHOOL DISTRICT RE-10  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)?   X  yes      \_\_\_\_\_none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_yes        X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_yes        X  no

**Section II – Financial Statement Findings**

**Finding 2021-001: Internal Control over Financial Reporting  
(Repeat of Finding 2020-001)**

*Type of finding: Internal Control (significant deficiency)*

*Criteria:* A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, non-routine transactions and financial statement preparation.

*Condition:* Student activity transactions were not recorded and reconciled in the District’s accounting software.

*Cause:* The District’s internal controls over monthly and year-end reconciliation procedures did not detect and correct financial misstatements.

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2021**

*Effect:* An audit adjustment was proposed to reconcile and record the student activity sub-ledger to the general ledger.

*Recommendation:* The District should strengthen its internal controls with additional training for employees to ensure activity in the student activity sub-ledger is accurately recorded and reconciled to the general ledger.

*Management's Response:* See corrective action plan.

**Section III – Federal Award Findings and Questioned Costs**

None

**SOUTH CONEJOS SCHOOL DISTRICT RE-10  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2021**

**Section II – Financial Statement Findings**

**Finding 2020-001: Internal Control Over Financial Reporting**

*Type of finding: Internal Control (material weakness)*

*Condition/Cause:* The District does not have a complete system of internal control to prevent and detect financial misstatements.

*Status:* Partially implemented. See Finding 2021-001.



SOUTH CONEJOS SCHOOL DISTRICT RE-10  
P.O. BOX 398 ANTONITO, COLORADO 81120  
(719) 376-7000

## CORRECTIVE ACTION PLAN

Oversight Agencies - U.S. Department of Treasury  
U.S. Department of Education  
U.S. Department of Agriculture

South Conejos School District RE-10 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Independent Accountants: Wall, Smith, Bateman Inc.  
Certified Public Accountants  
3001 Adcock Circle, P.O. Box 809  
Alamosa, CO 81101

Audit period: Year ended June 30, 2021

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

### Section II – Financial Statement Findings

#### **Finding 2021-001: Internal Control over Financial Reporting (Repeat of Finding 2020-001)**

*Type of finding: Internal Control (significant deficiency)*

*Recommendation:* The District should strengthen its internal controls with additional training for employees to ensure activity in the student activity sub-ledger is accurately recorded and reconciled to the general ledger.

*Action Taken:*

The finance department will ensure that the activity in the student activity sub-ledger is accurately recorded and reconciled to the district accounting general ledger.

South Conejos School District RE-10  
Corrective Action Plan

If the U.S. Department of Treasury, U.S. Department of Education, and U.S. Department of Agriculture have questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,



Dr. Emma Martinez  
Superintendent  
South Conejos School District RE-10



Mrs. Jamie Sandoval  
Business Manager  
South Conejos School District RE-10

**SOUTH CONEJOS SCHOOL DISTRICT RE-10**

**CDE COMPLIANCE SECTION**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0580 - South Conejos RE-10  
 Fiscal Year 2020-21  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,768,270	3,544,183	3,137,061	3,175,391
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>2,768,270</b>	<b>3,544,183</b>	<b>3,137,061</b>	<b>3,175,391</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	6,700	144,901	145,670	5,931
22 Govt Designated-Purpose Grants Fund	0	306,111	306,111	0
23 Pupil Activity Special Revenue Fund	122,807	10,108	13,644	119,271
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	666,538	512,914	405,351	774,101
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>3,564,315</b>	<b>4,518,217</b>	<b>4,007,838</b>	<b>4,074,694</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL