

**DURANGO SCHOOL DISTRICT 9-R
DURANGO, COLORADO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2022



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

DURANGO SCHOOL DISTRICT 9-R

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February 4, 2023

Board of Education and Citizens
Durango School District 9-R
201 E. 12th Street
Durango, CO 81301

To the Board of Education, Citizens, Employees and Students of Durango School District 9-R:

Introduction

The Comprehensive Annual Financial Report of the Durango School District 9-R (the District) is submitted in compliance with the 29-1-603 of the Colorado Revised Statutes and the applicable by-laws of the District's Board of Education. This Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2021 was audited by and includes the report of the independent auditors Wall, Smith, Bateman Inc. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, remains with the District. Accordingly, the District has established and continues to refine a comprehensive framework of controls to protect the District's assets and to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of controls should not outweigh their benefit; accordingly, the District's financial framework has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, to the best of our knowledge and belief, we assert that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds. The District received an unmodified opinion of the financial statements for the year ended June 30, 2022 as the independent auditors concluded that there was reasonable assurance the financial statements are free of material misstatement. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A.

This CAFR is presented in five sections: introductory, financial, statistical, single audit and Colorado Department of Education Compliance.

- The introductory section contains this letter of introduction that includes the District leadership structure and organizational chart.
- The financial section includes the independent auditor's report, Management's Discussion and Analysis, basic financial statements, required supplementary information, and supplementary information.
- The statistical section contains supplemental financial and other statistical information that is generally presented on a multi-year basis.
- The single audit section reports not only on the fair presentation of the financial statements but also on legal compliance and internal control.
- The Colorado Department of Education Compliance section address specific state requirements and expectations for our district.

PROFILE OF THE DISTRICT

The District's financial operations support Durango School District 9-R's mission. Durango School District 9-R serves more than 5,000 students in twelve schools in La Plata County.

The District is a fiscally and politically independent subdivision operating under the applicable laws of the State of Colorado governed by a five-member Board of Education (the "Board"). The Board is empowered to establish annual operating and capital budgets; determine the K-12 educational programs and services to be carried on in the schools of the District; employ all personnel necessary to maintain District operations; determine staffing levels and compensation thereof; and to prescribe the curriculum of any course of instruction or study through the District's educational programs and services. The District receives funding from local, state and federal government sources and must comply with the requirements of such funding sources.

In defining and determining the District as an appropriate reporting entity, the District has considered the scope of public services of various associations and entities. Using the above considerations the District's charter school, The Juniper School is included as a discretely presented component unit.

ECONOMIC CONDITIONS AND OUTLOOK

The current model of state funding creates one of the largest obstacles for the District to provide the financial resources necessary for educators to achieve the District's academic goals. In November 2000, Colorado voters approved a constitutional amendment (commonly known as "Amendment 23") that sets minimum levels of increase in the statewide base per pupil funding amount and the total state funding for categorical programs. Amendment 23 stipulates that the General Assembly must adjust that base each year by the rate of inflation increase plus one-percent for the ten year period beginning FY 2001-02, and by at least the rate of inflation thereafter.

Colorado has a very complex public school funding formula that was developed in 1994 called the Public School Finance Act. School districts in Colorado are funded on a per pupil basis. The state calculates each district's PPR based on a number of factors including at-risk enrollment (i.e. high poverty), size of the district, cost of personnel, and cost of living. From a very high level, the state calculates each district's PPR, subtracts the amount of funding generated by local property taxes, and then funds the remaining balance through an allocation called "State Equalization". This combined state equalization and local property tax funding amount is termed "Total Program".

Local property tax revenue makes up 36% of public school funding in the state. Beginning with the recession in 2008, assessed valuations across the state declined as a result of lower property tax collections while tax receipts from state income and sales/use also declined due to the economic downturn. The state is strained since it is responsible to backfill any funding losses from declines in local property taxes (i.e. "State Equalization"). Given that K-12 funding makes up close to 40% of the State of Colorado's budget, the state was forced to make a choice between fully funding K-12 education or continuing to fund other vital public services such as Corrections, Healthcare/Medicaid, Higher Education, and Human Services. Beginning in FY2010-11, the state introduced the "Negative Factor" to reduce school funding to a level that it could afford. For FY2022-23, the Negative Factor reduces annual funding for K-12 education by \$321 million below fully funded or \$2.2 million for Durango School District 9-R.

State statute allows school districts to levy general fund taxes at a general or special Override Election Mill Levy. The maximum amount of the revenue increase may not exceed 25% of the District's formula funding, plus a cost of living adjustment from 2002. In 2010 and 2016 the voters of Durango approved mill levy overrides. The 2010 mill levy override was a fixed dollar amount of \$3.2 million. The 2016 Override Election mill levy has a variable mill amount, which can be adjusted annually as long as the total revenue amount for all mills does not exceed the maximum collection amount of 25% of revenue plus cost of living adjustment.

The District has been able to limit the impact of these complications on our classrooms by effectively managing costs. As a result of uncertain economic conditions, Per Pupil Revenue (PPR) in FY2022-23 is expected to increase slightly. Durango School District 9-R manages the funding gaps and improves the educational offerings for our students through prudent fiscal management, the support of local voters through mill levy overrides and state, federal and private grants received. The District continues to manage fund balances to ensure that future uncertainties can be addressed without major interruptions to core educational services.

FINANCIAL INFORMATION

Internal Control

The management team of the District is responsible for establishing and maintaining effective internal control to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The District's system of internal control is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and, (2) the valuation of costs and benefits require estimates and judgement by management.

Single Audit

As a recipient of federal, state and local financial assistance, the District is also responsible for maintaining effective internal control to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is subject to periodic evaluation by management.

As part of the District's single audit, tests are made to determine the adequacy of its internal control, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

Accounting and Budgetary Controls

The District maintains its records on the full accrual basis for proprietary funds and on the modified accrual basis for all other funds. For financial statement presentation purposes, the modified accrual basis of accounting is followed for all governmental funds and similar fiduciary fund types. The management's discussion and analysis and the notes to the financial statements expand upon this and other accounting policies. The financial statements are prepared in accordance with the standards of the Governmental Accounting Standards Board. All of the District's funds are presented in this report and have been audited by the District's independent auditors, Wall Smith & Bateman Inc. The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant and be in accordance with generally accepted auditing standards. The auditor's role is to conduct an independent audit and render to outside parties an opinion on the fair presentation of the financial statements. Budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is maintained at the total fund level for each fund.

2021-2022 Leadership Structure (as of June 30, 2022)

Each of Colorado's 178 school districts is governed by a Board of Education comprised of people elected by the residents of the district. It is the Board's responsibility to establish and maintain a system of education in the district, as prescribed by the constitution and laws of the state. School board members are community volunteers who give freely of their time to govern public schools. Durango School District 9-R is governed by a five-member board.

The Durango 9-R School Board chose to use Coherent Governance as its governance model approximately ten years ago. This model helps to clarify the roles of both the school board (policy making and oversight) and the superintendent (academic and management leader).

Under Coherent Governance, the Board is responsible for clearly defining what students should know and be able to do by the time they graduate from high school. The Board consciously stays out of the district's day-to-day management decisions and adopts policies that give the superintendent the authority to select the resources, teachers, and educational programs that he or she believes best serve student-learning needs. The Board takes a strong oversight role by holding the superintendent accountable for ensuring that students are making reasonable progress toward meeting the district's educational goals.

Board of Education

Kristin Smith	President
Erika Brown	Vice President
Andrea Parmenter	Secretary
Rick Petersen	Treasurer
Katie Stewart	Board Member

Administration

Karen Cheser	Superintendent
Laura Galido	Executive Director of Human Capital
Kira Horenn	Director of Finance
Dylan Connell	Executive Director of Instruction
Laurie Rossback	Executive Director of Instruction
Vanessa Giddings	Executive Director of Student Services

Conformance with State Accounting Regulations

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles.

District Expectation for Financial Transparency

It is very important to Durango School District 9-R that we use our resources in the most efficient manner to meet the goals of the community. It is also a core value of the Finance Department that we are transparent and have appropriate controls in place to make sure we create accurate and timely financial statements and maintain effective and efficient administrative controls.

Acknowledgements

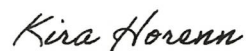
This report could not have been possible without the dedicated services of the District's Finance Department. We would like to express our sincere gratitude to all members of the District who assisted and contributed to the preparation of this report as well as to dedicated and professional services from the independent auditors from Wall, Smith & Bateman.

We would also like to express our appreciation to the Durango School District 9-R Board of Education for their continued support in leading the District's finances in a responsible and prudent manner.

Respectfully submitted,



Dr. Karen Cheser
Superintendent of Schools



Kira Horenn
Director of Finance

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
Durango School District 9-R
Durango, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Durango School District 9-R (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

Certified Public Accountants

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forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Colorado School District Auditors' 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 04, 2023, 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 District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 04, 2023

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

This discussion and analysis of Durango School District 9-R's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,306,844 (net position). The District's unrestricted net position without the pension & OPEB liability and related deferred inflows/outflows would be \$96,387,357.
- The District's total net position increased by \$30,895,552. The significant change is the result of pension reporting requirements from the Governmental Accounting Standards Board (GASB). A deficit pension expense of \$35,465,779 has been recognized as the District's proportionate share of the net pension liability changes reported by the Colorado Public Employees' Retirement Association (PERA) – School Division Trust Fund and Other Post-Employment Benefits by the Colorado Public Employees' Retirement Association (PERA) - Health Care Trust Fund.
- Total General Fund revenues decreased \$3,190,594 of which state equalization aid decreased \$6,118,772 and property taxes increased \$1,208,143. This decrease in state equalization is being driven by the cap on students at Colorado Connections Academy.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balance of \$147,461,337 a decrease of \$1,907,500 in comparison with the prior year. Of the combined fund balance, approximately 8.7% or \$12,859,744 is available for spending at the District's discretion (unassigned fund balance).
- At the end of the current fiscal year, the total of all components of fund balance for the general fund was \$23,733,928 or approximately 39.5% of total general fund expenditures.
- The District's total outstanding long-term debt decreased by \$6,526,929 to \$130,594,321.

Financial Statement Overview

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the Durango School District 9-R as a financial whole, or as an entire operating entity.

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

The basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required and other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The district-wide financial statements are designed to provide the reader of the District's comprehensive annual financial report a broad overview of the financial activities in a manner similar to a private sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents financial information on all of the District's assets, liabilities and deferred inflows and outflows, 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Typically, both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities), and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include the General Fund, Capital Projects Fund – Capital Reserve, Capital Projects Fund – Building Fund, Governmental Designated Grants Fund, Interscholastic Activities Fund, Food Service Fund, Student Activities Fund, Debt Service Fund and After School Enrichment Program Fund. The District does not have any business type activities.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District only reports governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported in the governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Durango School District 9-R
Management’s Discussion and Analysis
For the fiscal year ended June 30, 2022

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains ten individual governmental funds. The major funds are the General Fund, Debt Service Fund, Governmental Designated Grants Fund and Capital Projects- Building Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled “other governmental funds”. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District. The District adopts an annual appropriation budget for all its funds. Budgetary comparison schedules, with adopted and final revised budgets, have been provided for the General Fund and all other funds to demonstrate compliance with the budgeted amounts.

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

District-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,306,844 at the close of the most recent fiscal year.

The District's investment in capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related outstanding debt that was used to acquire those assets represents approximately \$62.1 million. The District uses these capital assets to provide educational services to its citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$26.1 million of the District's net position represents resources that are subject to external restrictions, such as debt service, bond funded capital projects, future building at Three Springs and the TABOR reserve.

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.

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Durango School District 9-R
Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
<u>Assets</u>		
Current and Other Assets	160,952,976	159,057,168
Net Capital Assets	79,525,592	80,210,727
Total Assets	240,478,568	239,267,895
<u>Deferred Outflows of Resources</u>		
Pensions (Note 7)	12,926,012	21,309,967
OPEB (Note 8)	376,575	417,392
Total Def. Outflows	13,302,587	21,727,359
<u>Liabilities</u>		
Current and Other Liabilities	13,496,890	9,819,268
Long-Term	191,511,642	229,092,179
Total Liabilities	205,008,532	238,911,447
<u>Deferred Inflows of Resources</u>		
Pensions (Note 7)	34,029,902	38,253,254
OPEB (Note 8)	1,435,877	1,419,260
Total Def. Inflows	35,465,779	39,672,514
<u>Net Position</u>		
Net Investment in Capital Assets	62,060,940	55,835,444
Restricted	26,121,794	130,623,544
Unrestricted (Deficit)	(74,875,890)	(204,047,696)
Total Net Position	13,306,844	(17,588,708)

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The dependence upon tax revenue is apparent. Over 98% of general revenue is supported through property taxes, vehicle registrations, and state equalization. The District's combined net position, not including the Pension Liability or OPEB Liability of \$96,387,357 was larger on June 30, 2022 than it was the year before. The combined net position, including the Pension and OPEB Liability, increased from the prior year to \$13,306,844. Most of the underlying increase in the District's financial position, excluding the accounting change for the pension and OPEB liability, came from the capital bond issuance. The Pension and OPEB Liability amounts tend to obscure the District position in a given year.

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

The effect of the PERA pension and OPEB expense of the District's total net position for the Fiscal Year 2022 and 2021 is summarized below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>
Net Position (GAAP Basis)	\$ 13,306,844	\$ (17,588,708)
GASB 68 - Pension	79,210,018	105,686,972
GASB 75 - OPEB	3,870,495	4,229,108
Net Position Excluding Pension and OPEB	<u>\$ 96,387,357</u>	<u>\$ 92,327,372</u>

The effect of the PERA pension and OPEB expense of the District's unrestricted net position for the Fiscal Year 2022 and 2021 is summarized below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>
Unrestricted Net Position (GAAP Basis)	\$ (74,875,890)	\$ (204,047,696)
GASB 68 - Pension	79,210,018	105,686,972
GASB 75 - OPEB	3,870,495	4,229,108
Unrestricted Net Position Excluding Pension and OPEB	<u>\$ 8,204,623</u>	<u>\$ (94,131,616)</u>

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Durango School District 9-R
Condensed Statement of Changes in Net Position from Operating Results

	Governmental Activities	
	2022	2021
Revenues		
<u>Program Revenues</u>		
Charges for Services	1,021,057	532,413
Operating Grants and Contributions	11,329,886	11,836,058
Capital Grants and Contributions	106,513	58,334
<u>General Revenues</u>		
Taxes	35,656,545	33,572,523
State Equalization	38,361,374	44,480,144
Investment Earnings	(890,108)	64,905
Gain on Sale of Capital Assets	2,135,437	-
Total Revenues	<u>87,720,704</u>	<u>90,544,377</u>
Expenses		
<u>Governmental Activities</u>		
Instructional Services	29,415,846	36,206,510
Pupil Support Services	4,523,860	5,207,072
Administration	2,556,075	3,141,882
Business Services	444,813	471,982
Operations and Maintenance	4,573,425	4,020,168
Transportation	1,240,643	1,188,683
Central Supporting Services	1,673,603	1,808,115
Food Service	1,573,367	1,158,421
Other Supporting Services	474,993	1,516,099
Facilities Acq. and Const. Services	7,230,227	-
Interest and Fiscal Charges	3,118,300	1,161,951
Total Expenses	<u>56,825,152</u>	<u>55,880,883</u>
Change in Net Position	30,895,552	34,663,494
Net Position, Beginning of Year	(17,588,708)	(52,252,202)
Net Position, End of Year	13,306,844	(17,588,708)

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

Financial Analysis of Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources to be used for particular purposes by the Board of Education.

At June 30, 2022, the District's governmental funds reported combined fund balances of \$147,461,337 a decrease of \$1,907,498 in comparison with the prior year. Approximately \$12,859,744 or 8.7% of the combined fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form \$108,022 2) restricted for particular purposes \$116,121,794 3) committed for particular purposes \$17,875,055 or 4) assigned for particular purposes \$496,722.

The General Fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,859,744 while total fund balance increased to \$23,733,928. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 21.3% of total General Fund expenditures, while total fund balance represents approximately 39.4% of the same amount.

General Fund Budgeting Highlights

The District's budget is prepared according to Colorado State law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Budget Resolutions are approved by the Board of Education in January and when needed. In reviewing budget to actual variance, the following criteria have been set to determine variances that are significant: line item variance amounts (amended budget to actual) that are greater than 10% of the corresponding budget for that line item and greater than .1% of total budgeted fund revenue or expense amount.

A review of total actual revenues compared to the appropriations in the final budget yield variances totaling \$3,262,249 or 4.6% of total revenues. This variance is driven by higher than anticipated specific ownership tax collections and deferred property tax collections. There was also a late fiscal period adjustment to equalization revenue.

Durango School District 9-R
Management's Discussion and Analysis
For the fiscal year ended June 30, 2022

A review of total actual expenditures compared to the appropriations in the final budget yield variances totaling \$3,791,313 under budget or 6.3% of total expenditures. This underspend is due to the impact on schools and staffing as a direct outcome of COVID-19. There were little professional development opportunities offered and fewer substitutes employed during that period.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$75,525,592 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles, and projects in progress. The total change in the District's investment in capital assets for the current fiscal year was a decrease of \$685,135.

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-term Debt

At June 30, 2022, the District had \$105,275,000 in general obligation bonds and \$1,691,330 in financed purchase agreements outstanding. The District was successful in passing a \$90 million dollar bond issuance in November of 2020. In August 2012, the District entered into an energy conservation project funded through a long-term financed purchase agreement. The DHS stadium project was funded by an agreement in June 2016. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

An increase in per pupil funding by at least inflation is provided by Amendment 23 to the State Constitution, passed by the voters in November 2000. During the 2010 legislative session, the state legislator introduced a new factor into the school financial funding formula. This new factor is a negative factor, which allows the state to reduce its funding to K-12 education in the state. This factor reduced the funding the District would have received from the state under the old formula by \$2.1 million in the 2022-2023 school year. The budget stabilization factor continues to have an adverse impact on the district's budget; state funding has not been restored to the level that would have occurred if the state could fully fund the school finance formula. If sufficient revenue were available in Colorado's General Fund, the district would receive \$9,639 per pupil, compared to the projected amount of \$9,408.

Additionally, COVID-19 pandemic and resulting disruptions have caused significant economic uncertainty and volatility in financial markets, U.S. economy and local economy. It is expected that the disruptions could create shortfalls for school funding for the next several years.

**Durango School District 9-R
Management’s Discussion and Analysis
For the fiscal year ended June 30, 2022**

The 2021 Bond construction program has several components that will begin in 2022-2023 and is scheduled to complete by the end of fiscal 2024. Per approved ballot language the District will be installing secure vestibules in all schools, address highest priority deferred maintenance HVAC and roofing needs across all buildings, build a “new” Miller Middle School and construct a Career and Innovation Center located at Durango High School. The bond also allocated \$7.5 million dollars to local charter schools, including two Charter school institute schools.

Enrollment for Durango School District 9-R will continue to evolve in 2022-2023. The online charter school called Connections Academy whose partnership began with the District in 2016-17 decreased due to an enrollment cap that was agreed upon with the Board of Education and Connections Academy to 1200 students. For 22-23, their enrollment is projected to drop below the capped amount by Durango School District 9-R. These are students who reside all over the state, and very few come from the district’s boundaries. Durango School District 9-R collects the PPR for this program and passes on 95% with the remaining 5% used to support administration of the this partnership. In 2022-2023, The Juniper School, which is chartered through Durango School District 9-R has a stable enrollment of 162 students enrolled, and the district passes all but 3% of the students PPR directly to their organization.

The 2022-2023 General Fund budget includes \$69,095,090 in revenue, less transfers, and \$66,556,090 in expenditures.

Component Units

The District has one component unit, a district authorized charter school, named The Juniper School. Separately issued financial statements can be obtained by visiting their website <http://juniper.durangoschools.org/>

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the district. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Kira Horenn
Director of Finance
Durango School District 9-R
201 East 12th Street
Durango, Colorado 81301

DURANGO SCHOOL DISTRICT 9-R

BASIC FINANCIAL STATEMENTS

DURANGO SCHOOL DISTRICT 9-R
STATEMENT OF NET POSITION
June 30, 2022

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u>
ASSETS		
Cash and Cash Equivalents	\$ 11,381,642	\$ 384,828
Investments	145,501,453	-
Accounts Receivable	181,590	11,699
Due From Other Governments	1,963,242	-
Property Taxes Receivable	1,817,027	-
Materials and Supplies Inventory	79,019	-
Prepaid Expenses	29,003	4,055
Capital Assets		
Nondepreciable Assets	10,446,210	2,083,804
Depreciable Assets, (net)	69,079,382	3,711,244
	<hr/>	<hr/>
Total Assets	240,478,568	6,195,630
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	12,926,012	457,421
OPEB	376,575	20,046
	<hr/>	<hr/>
Total Deferred Outflows of Resources	13,302,587	477,467
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	2,850,300	7,117
Accrued Salaries and Benefits	7,219,930	61,224
Unearned Grant Revenue	2,646,785	-
Accrued Interest Payable	779,875	-
Long-Term Liabilities		
Due Within One Year	7,673,914	106,358
Due In More Than One Year	122,920,407	3,471,534
Net Pension Liability	58,106,128	1,287,374
Net OPEB Liability	2,811,193	62,283
	<hr/>	<hr/>
Total Liabilities	205,008,532	4,995,890
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Pensions	34,029,902	687,655
OPEB	1,435,877	24,370
	<hr/>	<hr/>
Total Deferred Inflows of Resources	35,465,779	712,025
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	62,060,940	2,217,156
Restricted for		
TABOR	2,120,000	46,500
Debt Service	13,847,256	-
Capital Projects	9,342,917	-
Three Springs Schools	811,621	-
Unrestricted	(74,875,890)	(1,239,957)
	<hr/>	<hr/>
Total Net Position	\$ 13,306,844	\$ 1,023,699
	<hr/>	<hr/>

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

DURANGO SCHOOL DISTRICT 9-R
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit	
Primary Government:							
Governmental Activities							
Instructional Services	\$ 29,415,846	\$ 377,062	\$ 6,636,754	\$ -	\$ (22,402,030)		
Pupil Support Services	4,523,860	177,154	1,242,202	-	(3,104,504)		
Administration	2,556,075	44,252	58,175	-	(2,453,648)		
Business Services	444,813	10,000	35,073	-	(399,740)		
Operations and Maintenance	4,573,425	23,418	193,758	106,513	(4,249,736)		
Transportation	1,240,643	370,519	27,104	-	(843,020)		
Central Supporting Services	1,673,603	-	42,162	-	(1,631,441)		
Food Services	1,573,367	18,652	2,517,846	-	963,131		
Other Supporting Services	474,992	-	576,812	-	101,820		
Facilities Acq. and Const. Services	7,230,227	-	-	-	(7,230,227)		
Interest and Fiscal Charges	3,118,300	-	-	-	(3,118,300)		
Total Governmental Activities	<u>56,825,152</u>	<u>1,021,057</u>	<u>11,329,886</u>	<u>106,513</u>	<u>(44,367,696)</u>		
Total Primary Government	<u>\$ 56,825,152</u>	<u>\$ 1,021,057</u>	<u>\$ 11,329,886</u>	<u>\$ 106,513</u>	<u>\$ (44,367,696)</u>		
Component Unit							
The Juniper School	\$ 1,078,543	\$ -	\$ 169,158	\$ 940,889		\$ 31,504	
Total Component Unit	<u>\$ 1,078,543</u>	<u>\$ -</u>	<u>\$ 169,158</u>	<u>\$ 940,889</u>		<u>\$ 31,504</u>	
General Revenues							
					31,892,282	214,473	
					3,764,263	-	
					38,361,374	1,035,982	
					(890,108)	-	
					2,135,437	-	
					-	22,396	
					<u>75,263,248</u>	<u>1,272,851</u>	
					CHANGE IN NET POSITION	30,895,552	1,304,355
					NET POSITION, Beginning of Year	(17,588,708)	(280,656)
					<u>NET POSITION, End of Year</u>	<u>\$ 13,306,844</u>	<u>\$ 1,023,699</u>

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

DURANGO SCHOOL DISTRICT 9-R
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2022

	GENERAL FUND	GOVERNMENTAL DESIGNATED GRANT FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Equity in Pooled Cash and Investments	\$ 29,636,043	\$ 2,233,565	\$ 13,579,268	\$ 101,526,450	\$ 9,907,769	\$ 156,883,095
Accounts Receivable	34,885	-	-	-	146,705	181,590
Due From Other Governments	1,674	1,261,254	-	-	700,314	1,963,242
Property Tax Receivable	1,380,360	-	436,667	-	-	1,817,027
Materials and Supplies Inventory	52,462	-	-	-	26,557	79,019
Prepaid Expenses	-	-	-	-	29,003	29,003
Total Assets	<u>\$ 31,105,424</u>	<u>\$ 3,494,819</u>	<u>\$ 14,015,935</u>	<u>\$ 101,526,450</u>	<u>\$ 10,810,348</u>	<u>\$ 160,952,976</u>
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 455,076	\$ 180,619	\$ -	\$ 2,181,460	\$ 33,145	\$ 2,850,300
Accrued Salaries and Benefits	6,382,758	653,372	-	2,073	254,010	7,292,213
Unearned Grant Revenue	-	2,646,785	-	-	-	2,646,785
Total Liabilities	<u>6,837,834</u>	<u>3,480,776</u>	<u>-</u>	<u>2,183,533</u>	<u>287,155</u>	<u>12,789,298</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Tax	533,662	-	168,679	-	-	702,341
FUND BALANCE						
Nonspendable	52,462	-	-	-	55,560	108,022
Restricted	2,120,000	-	13,847,256	99,342,917	811,621	116,121,794
Committed	8,205,000	14,043	-	-	9,656,012	17,875,055
Assigned	496,722	-	-	-	-	496,722
Unassigned	12,859,744	-	-	-	-	12,859,744
Total Fund Balance	<u>23,733,928</u>	<u>14,043</u>	<u>13,847,256</u>	<u>99,342,917</u>	<u>10,523,193</u>	<u>147,461,337</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 31,105,424</u>	<u>\$ 3,494,819</u>	<u>\$ 14,015,935</u>	<u>\$ 101,526,450</u>	<u>\$ 10,810,348</u>	<u>\$ 160,952,976</u>

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

DURANGO SCHOOL DISTRICT 9-R
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total Governmental Fund Balances	\$ 147,461,337
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	79,525,592
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.	13,302,587
Unavailable revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.	702,341
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	\$ (105,275,000)
Financed Purchase Agreements	(1,691,330)
Accrued Interest Payable	(779,875)
Long-term Compensated Absences	<u>(1,271,098)</u>
	(109,017,303)
Bond discounts are expensed when incurred in the governmental funds and deferred and amortized in the statement of activities. Similarly, bond premiums are recognized as revenue when issued and are deferred and amortized in the statement of activities. The net unamortized portion of these long-term debt related items is included in the governmental activities.	(22,284,610)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(60,917,321)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	<u>(35,465,779)</u>
Net Position of Governmental Activities	<u><u>\$ 13,306,844</u></u>

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

DURANGO SCHOOL DISTRICT 9-R
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

	GENERAL FUND	GOVERNMENTAL DESIGNATED GRANTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local Sources	\$ 29,205,436	\$ 123,188	\$ 7,811,972	\$ (1,014,223)	\$ 972,143	\$ 37,098,516
Intermediate Sources	27,688	26,445	-	-	145,761	199,894
State Sources	40,430,455	1,690,509	-	-	29,320	42,150,284
Federal Sources	106,768	3,544,445	-	-	2,462,250	6,113,463
Total Revenues	<u>69,770,347</u>	<u>5,384,587</u>	<u>7,811,972</u>	<u>(1,014,223)</u>	<u>3,609,474</u>	<u>85,562,157</u>
EXPENDITURES						
Current Operating						
Instructional Program	38,180,098	2,906,943	-	-	1,294,307	42,381,348
Student Support Services	2,951,291	1,391,993	-	-	-	4,343,284
Instructional Staff Support Services	2,473,980	621,503	-	-	402,612	3,498,095
General Administration Support Services	1,066,112	17,629	-	-	-	1,083,741
School Administration Support Services	3,587,289	74,338	-	-	-	3,661,627
Business Support Services	713,170	-	-	82,937	-	796,107
Operations and Maint. of Plant Services	5,628,223	191,188	-	436,417	159,725	6,415,553
Student Transportation Services	1,920,219	-	-	279,770	384,235	2,584,224
Other Support Services	3,218,972	-	-	-	-	3,218,972
Food Services	-	-	-	-	2,070,980	2,070,980
Community Service Operations	-	166,950	-	-	308,042	474,992
Facilities Acquisition and Const. Costs	-	-	-	11,516,080	595,351	12,111,431
Debt Service	395,381	-	8,963,227	19,579	212,074	9,590,261
Total Expenditures	<u>60,134,735</u>	<u>5,370,544</u>	<u>8,963,227</u>	<u>12,334,783</u>	<u>5,427,326</u>	<u>92,230,615</u>
Excess (deficiency) of revenues over expenditures	<u>9,635,612</u>	<u>14,043</u>	<u>(1,151,255)</u>	<u>(13,349,006)</u>	<u>(1,817,852)</u>	<u>(6,668,458)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Fixed Assets	-	-	-	-	4,760,958	4,760,958
Transfers From (To) Other Funds	(3,575,000)	-	-	-	3,575,000	-
Total Other Financing Sources (Uses)	<u>(3,575,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,335,958</u>	<u>4,760,958</u>
NET CHANGE IN FUND BALANCE	<u>6,060,612</u>	<u>14,043</u>	<u>(1,151,255)</u>	<u>(13,349,006)</u>	<u>6,518,106</u>	<u>(1,907,500)</u>
FUND BALANCE, Beginning of Year	<u>17,673,316</u>	<u>-</u>	<u>14,998,511</u>	<u>112,691,923</u>	<u>4,005,087</u>	<u>149,368,837</u>
FUND BALANCE, End of Year	<u>\$ 23,733,928</u>	<u>\$ 14,043</u>	<u>\$ 13,847,256</u>	<u>\$ 99,342,917</u>	<u>\$ 10,523,193</u>	<u>\$ 147,461,337</u>

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

DURANGO SCHOOL DISTRICT 9-R
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (1,907,500)

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 the assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Capital Outlay	\$ 6,131,874	
Depreciation expense	(4,191,487)	
Net book value of assets disposed	<u>(2,625,521)</u>	(685,134)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 23,110

Repayment of bond and financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

2010 G.O. Refunding Bonds	\$ 2,295,000	
2011 G.O. Refunding Bonds	1,925,000	
Accrued Interest Payable	30,292	
Financed Purchase Payments	<u>557,899</u>	4,808,191

Governmental funds report the effect of premiums, discounts, and other similar items when debt is first issued; whereas these amounts are in the statement of activities.

This amount is the deferred and amortized in the treatment of long-term related items.
Bond Premium Amortization 1,694,066

In the statement of activities, certain operating expenses - compensated absences and special termination benefits - are measured by the amounts earned during the year.

In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the net effect of compensated absences payable on the statement of net position. 127,254

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 expenses. 26,835,565

Change in Net Position of Governmental Activities \$ 30,895,552

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Durango School District 9-R (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units and the Financial Policies and Procedures Handbook as prescribed by State law. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

Reporting Entity

The District was organized under the provisions of Colorado statutes for the purpose of operating elementary and secondary schools, primarily in La Plata County. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Pursuant to the definition of component units in GASB Statements 14, 39, and 61, the District's Board of Education has included one component unit, The Juniper School (a District Authorized Charter School).

Related Organizations: The Durango Foundation for Educational Excellence provides opportunities for individuals and groups beyond what the schools can offer. Its mission is to preserve, support, and improve educational opportunities with the community by developing a community partnership among schools, businesses and individuals. Financial activity for the Foundation is not included within the District's financial statements. Financial statements may be obtained at the Foundation's offices.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The interfund services provided and used are not eliminated in the process of the consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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

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

Measurement Focus, Basis of Accounting, and Basis of 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The District defines this as 60 days. Revenues are considered to be *available* when they are collectible

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within the current period or soon enough thereafter to pay liabilities in the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. The District does not allocate indirect expenses.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Debt Service Fund* – This fund accounts for the accumulation of resources and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved financed-purchase debt.
- *Governmental Designated Grants Fund*- This fund accounts for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The federal, state and local grants account for revenue and expenses specifically related to grants which have various restrictions based on the specific grant.
- *Capital Projects Building Fund* – This fund is used to account for and report bond funded financial resources that are restricted to expenditures of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

Deposits and Investments

For the purposes of the statement of cash flows, the District considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents. The District pools all cash on an entity-wide basis for management and investment purposes. Each fund has an interest in the pool, which is available upon demand.

Investments in securities are stated at fair value. Investments in joint ventures by governmental funds are recorded as expenditures at the time the investment is made.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/ payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables/payables within governmental activities are eliminated in the statement of net position. All other interfund transactions are reported as transfers.

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Property taxes are levied by the Board of Education. The levy is based on assessed valuations determined by the County Assessor generally as of January 1st of each year. The levy is set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30th or, if in equal installments, at the taxpayer’s election, on February 28th and June 15th.

Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The County Treasurer generally remits the taxes collected monthly to the District.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements. Prepaid items are recognized using the consumption method.

Inventories

Inventories are held by the General Fund and the Food Service Fund and are valued at cost using the first-in/first-out (FIFO) method. The District utilizes the purchase method of accounting for inventory. The Federal government donates surplus commodities to supplement the National School Lunch and Breakfast Programs. Such commodities are recorded as non-operating revenues when expended.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value at the date of donation.

The capitalization level is \$5,000 in all funds. 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.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50-100
Buildings - Improvements	20-30
Land Improvements	20-30
Equipment and Vehicles	5-20
Computer Software	5

Compensated Absences

Each employee of the District may accumulate a total of 90 days of sick leave; however, employees are paid for the accumulated sick leave upon retirement.

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The District accrues a liability for compensated absences, which meet the following criteria:

- The District's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

The District budgets the available financial resources for that year's anticipated payments for compensated absences.

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 balance sheet reports a separate section of deferred inflows of resources. This represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period.

Certain amounts related to pensions and OPEB must be deferred.

Accrued Salaries and Benefits

Salaries and benefits to teachers and certain other employees are paid over a twelve-month period from September 1 to August 31, but are earned over a school year of approximately nine months. The salaries earned, but unpaid, at June 30, 2022, are reflected in the financial statements as an accrued liability.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column of the statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the effective interest method.

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

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Pensions

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

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 five categories:

- *Nonspendable Fund Balance* – are amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – are 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.

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- *Committed Fund Balance* – are 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 removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – are 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* – are amounts that are available for any purpose; these amounts are reported only in the General Fund.

At June 30, 2022, fund balance classifications are composed of the following:

	GENERAL FUND	GOVERNMENTAL DESIGNATED GRANTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL
Nonspendable						
Inventory	\$ 52,462	\$ -	\$ -	\$ -	\$ 55,560	\$ 108,022
Restricted for						
TABOR 3% Reserve	2,120,000	-	-	-	-	2,120,000
Debt Service	-	-	13,847,256	-	-	13,847,256
Three Springs School	-	-	-	-	811,621	811,621
Capital Projects	-	-	-	99,342,917	-	99,342,917
	<u>2,120,000</u>	<u>-</u>	<u>13,847,256</u>	<u>99,342,917</u>	<u>811,621</u>	<u>116,121,794</u>
Committed						
Board Designated						
Reserve	8,205,000	-	-	-	-	8,205,000
Grant Programs	-	14,043	-	-	-	14,043
Food Service	-	-	-	-	1,407,331	1,407,331
Activities	-	-	-	-	750,780	750,780
Capital Projects	-	-	-	-	7,497,901	7,497,901
	<u>8,205,000</u>	<u>14,043</u>	<u>-</u>	<u>-</u>	<u>9,656,012</u>	<u>17,875,055</u>
Assigned						
Instructional	243,090	-	-	-	-	243,090
Support Services	183,512	-	-	-	-	183,512
Transportation	12,365	-	-	-	-	12,365
Technology	57,755	-	-	-	-	57,755
	<u>496,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,722</u>
Unassigned	<u>12,859,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,859,744</u>
Total Fund						
Balance	<u>\$ 23,733,928</u>	<u>\$ 14,043</u>	<u>\$ 13,847,256</u>	<u>\$ 99,342,917</u>	<u>\$ 10,523,193</u>	<u>\$ 147,461,337</u>

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When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or 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.

In the General Fund, the District strives to maintain a committed fund balance of no less than 15% of the general fund budgeted revenues.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates. The District believes the techniques and assumptions used in establishing these estimates are appropriate.

New Accounting Pronouncements

During fiscal year 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, that establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for current year and actual data for the prior year.

Budgets are required by Colorado State Statute for all funds. During April, the Superintendent of Schools submits to the Board of Education, a proposed budget for all funds for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

The Chief Financial Officer is required by District policy to present a quarterly report to the Board of Education explaining any variances from the approved budget.

Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds. The appropriated budget is prepared by fund. The District's department heads may not make transfers of appropriations. The legal level of control is the fund level. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund, and the reallocation of budget line items within any department, within any fund, rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves, as established by the Board of Education. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects, and normal operating variances. All budgets are adopted on a basis consistent with US generally accepted accounting principles (GAAP), except for the General Fund.

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The Board of Education may authorize supplemental appropriations during the year. The Board of Education approved supplemental appropriations during the fiscal year ended June 30, 2022, which are reflected within the financial statements.

Stewardship

Total expenditures exceeded budgeted appropriations in the Interscholastic Activities Fund by \$5,483. This may be a violation of Colorado State Statute 22-44-115(1).

NOTE 2 CASH AND INVESTMENTS

At June 30, 2022, the District had cash, deposits, and investments as follows:

Cash on hand and in banks	\$ 11,381,642
Investments	<u>145,501,453</u>
Total Cash and Investments	<u><u>\$ 156,883,095</u></u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102 percent of the uninsured deposits.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2022, \$12,281,224 of the total bank balance of \$12,531,224 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

The District does not have a policy relating to interest rate risk.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agencies' securities
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's 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

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- Certain money market funds
- Guaranteed investment contracts

State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of the nationally recognized rating agencies.

Fair Value

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

The Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

Colorado Statewide Investment Program (CSIP) is a local government investment pool authorized under 24-75-701 et. seq. of the Colorado Revised Statutes, intended solely for the use of Colorado local governments. Investments of the trust are limited to those allowed by State statutes. The CSIP Liquid Portfolio (LGIP) fair value of investments in underlying money market funds is based on the published net asset values per share of those funds, and maintains a stable value of \$1 per share, measured at amortized cost which approximates fair value. The CSIP Term Portfolio (TERM) utilizes market prices of underlying securities to determine fair value. The District also invests in individual securities with CSIP under a managed account.

Investment Type	Rating (*S&P **Fitch)	Up to 120 days	121 days to 5 years	Fair Value Measurements Using Level 2	Totals
CSIP Managed Account:					
U.S. Treasury Bond / Note	37% *	AA+	\$ -	\$ 53,824,396	\$ 53,824,396
Corporate Note	2% *	AA-	-	1,879,181	1,879,181
Commercial Paper	9% *	A-1/A-1+	9,263,789	4,525,873	13,789,662
			<u>9,263,789</u>	<u>60,229,450</u>	<u>69,493,239</u>
CSIP Term	11% **	AAAf	-	16,150,000	16,150,000
			<u>\$ 9,263,789</u>	<u>\$ 76,379,450</u>	<u>\$ 85,643,239</u>
CSIP LGIP- Money Market	11%	Unrated			15,972,083
COLOTrust	30% *	AAAm			43,886,131
	<u>100%</u>				<u>\$ 145,501,453</u>

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NOTE 3 INTERFUND TRANSACTIONS AND INTERNAL BALANCES

Significant interfund transfers included are for activities supported by General Fund revenues. Interfund transfers recorded at the fund level and eliminated at the government-wide level at June 30, 2022, are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 3,575,000
Food Service Fund	275,000	-
Interscholastic Activities Fund	1,300,000	-
Capital Reserve Capital Projects Fund	2,000,000	100,000
After School Enrichment Fund	100,000	-
Total	<u>\$ 3,675,000</u>	<u>\$ 3,675,000</u>

All interfund transfers are results of supporting operations within the food service fund, interscholastic activities fund and afterschool enrichment program fund. The transfer for capital projects is designed to set aside funding for necessary capital repairs within the District.

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NOTE 4 CAPITAL ASSETS

The following is a summary of changes in the governmental capital assets for the year ended June 30, 2022:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022
<i>Governmental Activities</i>				
Non-depreciable				
Land and Improvements	\$ 6,415,255	\$ -	\$ (726,848)	\$ 5,688,407
Construction in Progress	187,123	4,725,327	(154,647)	4,757,803
Total Non-depreciable	<u>6,602,378</u>	<u>4,725,327</u>	<u>(881,495)</u>	<u>10,446,210</u>
Depreciable				
Land Improvements	4,567,114	668,229	(20,978)	5,214,365
Buildings and Improvements	145,556,246	139,864	(8,033,939)	137,662,171
Equipment and Vehicles	10,210,340	753,106	-	10,963,446
Total Depreciable	<u>160,333,700</u>	<u>1,561,199</u>	<u>(8,054,917)</u>	<u>153,839,982</u>
Accumulated Depreciation				
Land Improvements	(1,257,963)	(277,817)	-	(1,521,093)
Buildings and Improvements	(76,765,963)	(3,493,538)	6,156,240	(74,117,948)
Equipment and Vehicles	(8,701,425)	(420,134)	-	(9,121,559)
Total Accumulated Depreciation	<u>(86,725,351)</u>	<u>(4,191,489)</u>	<u>6,156,240</u>	<u>(84,760,600)</u>
Net Depreciable Capital Assets	<u>73,608,349</u>	<u>(2,630,290)</u>	<u>(1,898,677)</u>	<u>69,079,382</u>
Total Capital Assets	<u>\$ 80,210,727</u>	<u>\$ 2,095,037</u>	<u>\$ (2,780,172)</u>	<u>\$ 79,525,592</u>

Depreciation expense was charged to the following functions:

Instructional Services	\$ 3,259,510
Pupil Support Services	-
Administration	5,951
Business Services	1,163
Operations and Maintenance	143,780
Transportation	162,078
Central Supporting Services	51,571
Food Services	14,064
Facilities Acquisition and Construction	553,372
Total	<u>\$ 4,191,489</u>

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NOTE 5 LONG-TERM OBLIGATIONS

Changes in Long-Term Debt

During the period ended June 30, 2022, the following changes occurred in liabilities reported in long-term debt:

	<u>06/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/2022</u>	<u>Due within one year</u>
<i>Governmental Activities</i>					
<i>General Obligation Bonds</i>					
Series 2010 Refunding	\$ 2,295,000	\$ -	\$(2,295,000)	\$ -	\$ -
Series 2011 Refunding	17,200,000	-	(1,925,000)	15,275,000	5,785,000
Series 2021 Issuance	90,000,000	-	-	90,000,000	-
	<u>109,495,000</u>	<u>-</u>	<u>(4,220,000)</u>	<u>105,275,000</u>	<u>5,785,000</u>
Bond Premium	23,978,672	-	(1,694,062)	22,284,610	1,376,456
Financed Purchase Agreement	2,249,226	-	(557,896)	1,691,330	440,175
Compensated Absences	1,398,352	-	(54,971)	1,343,381	72,283
Total	<u>\$ 137,121,250</u>	<u>\$ -</u>	<u>\$(6,526,929)</u>	<u>\$ 130,594,321</u>	<u>\$ 7,673,914</u>

General Obligation Refunding Bond, Series 2010

The District issued General Obligation Refunding Bonds, Series 2010, denominations of \$5,000, dated July 20, 2010, total issue \$26,015,000. The bonds were issued for the purpose of advance refunding a portion of the General Obligation Bonds, Series 2003. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities which were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the term bonds were called on November 1, 2013. The advance refunding meets the requirements of an in-substance debt defeasance and the term bonds were removed from the government-wide financial statements of the District. The outstanding balance of the defeased bonds was paid in full on November 1, 2013. This Bond was paid off as of June 30, 2022.

General Obligation Refunding Bond, Series 2011

The District issued General Obligation Refunding Bonds, Series 2011 denominations of \$5,000, dated November 29, 2011, total issue \$17,200,000. The bonds were issued for the purpose of advance refunding a portion of the General Obligation Bonds, Series 2003. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities which were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the term bonds were called on November 1, 2013. The advance refunding meets the requirements of an in-substance debt defeasance and the term bonds were removed from the Government-wide financial statements of the District. The outstanding balance of the defeased bonds was paid in full on November 1, 2013.

Interest, at a rate of 3.0% to 5.0%, is payable each May 1 and November 1. Principal is due annually November 1, 2021 through 2024.

Bonds maturing on or before November 1, 2021, are not subject to redemption prior to maturity. Bonds maturing on November 1, 2022, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, in such a manner as the District may determine, on November 1, 2021, or any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

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The District issued General Obligation Bonds, Series 2021, denominations of \$5,000, dated March 3, 2021. The bonds were issued for the purpose of major improvement projects to existing facilities. These bond issues were primarily for governmental activities. The issued amount of the 2021 G.O. bonds was \$90,000,000.

Interest, at a rate of 4.0% to 5.0%, is payable each May 1 and November 1. Principal is due annually November 1, 2024 through 2040.

All bonds noted above are general obligations of the District and shall be payable from general and ad valorem taxes required to be levied, without limitation as to rate, and in amounts sufficient to pay the principal and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose.

Total debt service requirements to maturity of all bonds outstanding are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,785,000	\$ 4,511,350	\$ 10,296,350
2024	5,955,000	4,231,488	10,186,488
2025	3,715,000	4,003,175	7,718,175
2026	3,900,000	3,812,800	7,712,800
2027	4,095,000	3,612,925	7,707,925
2028-2032	23,755,000	14,698,875	38,453,875
2033-2037	29,720,000	8,735,000	38,455,000
2038-2041	28,350,000	2,323,600	30,673,600
Total	<u>\$ 105,275,000</u>	<u>\$ 45,929,213</u>	<u>\$ 151,204,213</u>

Financed Purchase Agreements

The District obtained an annually renewable equipment financed purchase agreement, dated August 1, 2012, for \$3,052,303 for equipment required by the McKinstry Energy Performance Contract. The equipment is included in the capital assets at a cost of \$3,052,303, with accumulated depreciation of \$2,289,226. The agreement will be repaid from the General Fund in quarterly payments of principal and interest at 2.6%.

The District obtained an annually renewable financed purchase agreement for the acquisition, construction, equipping, and installation of track and field improvements at Durango High School and Escalante Middle School, dated June 15, 2016, for \$1,900,000. The capital improvements are included in capital assets at a cost of \$3,136,488, with accumulated depreciation of \$661,026. The agreement will be repaid from the Capital Projects Fund in annual payments of principal and interest at 2.05%.

The debt service requirements to maturity on financed purchases outstanding is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 440,175	\$ 37,164	\$ 477,339
2024	450,606	26,733	477,339
2025	461,289	16,051	477,340
2026	339,260	5,532	344,792
Total	<u>\$ 1,691,330</u>	<u>\$ 85,480</u>	<u>\$ 1,776,810</u>

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Compensated Absences

Compensated absences are liquidated by the General Fund, Governmental Designated Grant Fund, Interscholastic Activity Fund, After School Enrichment Program Fund, and Food Service Fund.

NOTE 6 TAX, SPENDING, AND DEBT LIMITATION

In November of 1992, Colorado voters approved a State Constitutional amendment, referred to as the Taxpayer's Bill of Rights (TABOR), containing tax, spending and debt limitations on the state and local governments. TABOR limits increases in revenues and expenditures to the rate of inflation and local growth. In November 1997, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District without regard to any limitations under TABOR. The Amendment is complex and subject to judicial interpretation.

The District believes it is in compliance with the requirements of this Amendment. TABOR also requires local governments to establish a reserve of 3% of fiscal year spending to be used only for declared emergencies. Net position of \$2,120,000 was restricted at June 30, 2022, to meet this requirement.

NOTE 7 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

In all cases the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

Contributions provisions as of June 30, 2022. Eligible employees of the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
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).

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 \$6,455,703, for the year ended June 30, 2022.

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

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In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of \$58,106,128 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:

Durango School District's proportionate share of the net position liability	\$ 58,106,128
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Durango School District	6,661,125
Total	\$ 64,767,253

At December 31, 2021, the District's proportion was 0.499%, which was a decrease of 0.009% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$26,476,954) and revenue of \$711,160 for support from the State as a nonemployer contributing entity. At June 30, 2022, 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	\$ 2,224,535	\$ -
Changes in assumptions and other inputs	4,435,969	-
Net difference between projected and actual earnings on pension plan investments	-	21,846,168
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,957,411	12,183,734
Contributions subsequent to the measurement date	3,308,097	-
Total	\$ 12,926,012	\$ 34,029,902

\$3,308,097 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year Ended June 30,</u>	
2023	\$ (5,067,865)
2024	(9,892,284)
2025	(6,800,181)
2026	(2,651,657)
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), 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.
- 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.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 85,527,468	\$ 58,106,128	\$ 35,224,043

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

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NOTE 8 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, 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

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

PERA Benefit Structure

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

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

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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 \$329,228 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$2,811,193 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.326%, which was a decrease of 0.014% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022 the District recognized OPEB expense of (\$358,613). At June 30, 2022, 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	\$ 4,284	\$ 666,568
Changes of assumptions or other inputs	58,202	152,491
Net difference between projected and actual earnings on pension plan investments	-	174,014
Changes in proportion and differences between contributions recognized and proportionate share of contributions	144,358	442,804
Contributions subsequent to the measurement date	169,731	-
Total	<u>\$ 376,575</u>	<u>\$ 1,435,877</u>

\$169,731 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (274,053)
2024	(322,312)
2025	(362,441)
2026	(205,430)
2027	(56,282)
Thereafter	(8,515)

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Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/ premiums (actual dollars) are assumed for 2021, for the PERA Benefit Structure:

Medicare Plan	Initial Cost for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Adjusted to Age 65
Medicare Advantage/Slf-Insured Rx	\$633	\$230	\$591
Kaiser Premanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (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, 2020, 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.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund.

- 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 2021 plan year.

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- 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 PERA Board’s actuary, as discussed above.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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.

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

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

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

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

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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 2,730,463</u>	<u>\$ 2,811,193</u>	<u>\$ 2,904,712</u>

DURANGO SCHOOL DISTRICT 9-R
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June 30, 2022

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(6.25%)	(7.25%)	(8.25%)
Proportionate share of the net OPEB liability	<u>\$ 3,264,906</u>	<u>\$ 2,811,193</u>	<u>\$ 2,423,643</u>

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

NOTE 9 OTHER RETIREMENT PLANS

Voluntary Investment Program

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 ACFR for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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 and investment earnings.

457 Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State’s deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State’s administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2021, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of \$19,500. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional \$6,500 contribution in 2021. Contributions and earnings are tax deferred. At December 31, 2021, the plan had 18,919 participants.

Other Retirement Plans

In addition to facilitating voluntary retirements through PERA, the District offers several other options to employees. These include a 401(K) or Roth IRA through American Fidelity Assurance, a 401(K) or 403 (B) administered through AXA Equitable, and a 403(B) or a Roth IRA administered through Horace Mann Life Insurance. All of them are 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, the costs are born by the employees, and the District does not match contributions. Employees are immediately vested in their own contributions and investment earnings.

The District made no contributions to other retirement plans during Fiscal Year 2022.

NOTE 10 RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has property and casualty insurance with the Wright Group. Insurance claims have not exceeded coverage over the past three years.

NOTE 11 CONTINGENCIES AND COMMITMENTS

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Bond Proceeds

The 2021 Bond construction program has several components that will began in Fiscal Year 2022 and is scheduled to complete by the end of fiscal 2024. Per approved ballot language the District will be installing secure vestibules in all schools, address highest priority deferred maintenance HVAC and roofing needs across all buildings, build a “new” Miller Middle School and construct a Career and Innovation Center located at Durango High School. The bond also allocated \$7.5 million dollars to local charter schools, including two Charter school institute schools.

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Litigation

Various claims and lawsuits are pending against the District. After consideration of applicable insurance policy coverage and relative merits of each claim or lawsuit, it is the opinion of District counsel that the potential ultimate liability resulting from these actions, if any, will not require additional accrued reserves and will not have a material adverse financial effect on the District.

DURANGO SCHOOL DISTRICT 9-R

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.

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 27,018,573	\$ 27,039,932	\$ 29,205,436	\$ 2,165,504
Intermediate Sources	-	-	27,688	27,688
State Sources	39,557,368	39,356,907	40,430,455	1,073,548
Federal Sources	111,259	111,259	106,768	(4,491)
Total Revenues	66,687,200	66,508,098	69,770,347	3,262,249
EXPENDITURES				
Instructional Program	30,214,228	31,451,343	38,180,098	(6,728,755)
Student Support Services	2,671,526	3,109,626	2,951,291	158,335
Instructional Staff Support Services	3,407,877	3,407,877	2,473,980	933,897
General Administration Support Services	615,220	615,220	1,066,112	(450,892)
School Administration Support Services	3,411,026	3,411,026	3,587,289	(176,263)
Business Support Services	799,896	799,896	713,170	86,726
Operations and Maint. of Plant Services	6,195,445	6,195,445	5,628,223	567,222
Student Transportation Services	1,548,007	1,548,007	1,920,219	(372,212)
Other Support Services	13,092,110	13,092,110	3,218,972	9,873,138
Debt Service	295,498	295,498	395,381	(99,883)
Total Expenditures	62,250,833	63,926,048	60,134,735	3,791,313
Excess (deficiency) of revenues over expenditures	4,436,367	2,582,050	9,635,612	7,053,562
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(3,075,000)	(3,075,000)	(3,575,000)	(500,000)
Total Other Financing Sources (Uses)	(3,075,000)	(3,075,000)	(3,575,000)	(500,000)
NET CHANGE IN FUND BALANCE	\$ 1,361,367	\$ (492,950)	6,060,612	\$ 6,553,562
FUND BALANCE, Beginning of Year			17,673,316	
FUND BALANCE, End of Year			\$ 23,733,928	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED GRANTS FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 350,000	\$ 350,000	\$ 123,188	\$ (226,812)
Intermediate Sources	-	-	26,445	26,445
State Sources	3,000,000	3,000,000	1,690,509	(1,309,491)
Federal Sources	5,000,000	5,000,000	3,544,445	(1,455,555)
	<u>8,350,000</u>	<u>8,350,000</u>	<u>5,384,587</u>	<u>(2,965,413)</u>
EXPENDITURES				
Instructional Program	3,881,856	3,881,856	2,906,943	974,913
Student Support Services	2,608,649	2,608,649	1,391,993	1,216,656
Instructional Staff Support Services	662,392	662,392	621,503	40,889
General Administration Support Services	225,242	225,242	17,629	207,613
School Administration Support Services	1,948	1,948	74,338	(72,390)
Student Transportation Services	516,481	516,481	191,188	325,293
Other Support Services	1,800	1,800	-	1,800
Community Service Operations	251,632	251,632	166,950	84,682
Facilities Acquisition and Construction Cost	200,000	200,000	-	200,000
	<u>8,350,000</u>	<u>8,350,000</u>	<u>5,370,544</u>	<u>2,979,456</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	14,043	<u>\$ 14,043</u>
FUND BALANCE, Beginning of Year			<u>-</u>	
FUND BALANCE, End of Year			<u>\$ 14,043</u>	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.4993065234%	0.5870074361%	0.5567996247%	0.5788962262%	0.6167513140%	0.5936487224%	0.6055495021%	0.6308345451%
District's proportionate share of the net pension liability (asset)	\$ 58,106,128	\$ 88,743,684	\$ 83,184,656	\$ 102,505,467	\$ 199,435,591	\$ 176,752,181	\$ 92,614,521	\$ 85,499,271
State's proportionate share of the net pension liability	<u>6,661,125</u>	<u>-</u>	<u>10,550,916</u>	<u>14,016,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 64,767,253</u>	<u>\$ 88,743,684</u>	<u>\$ 93,735,572</u>	<u>\$ 116,521,666</u>	<u>\$ 199,435,591</u>	<u>\$ 176,752,181</u>	<u>\$ 92,614,521</u>	<u>\$ 85,499,271</u>
District's covered payroll	\$ 30,870,784	\$ 31,405,995	\$ 32,720,033	\$ 31,824,104	\$ 28,567,619	\$ 26,643,022	\$ 26,374,119	\$ 26,428,066
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	188%	283%	254%	322%	698%	663%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.2%	62.8%

*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.

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 6,389,244	\$ 6,075,549	\$ 6,328,448	\$ 6,209,483	\$ 5,597,074	\$ 5,000,261	\$ 4,694,021	\$ 4,452,661	\$ 3,988,576	\$ 3,742,505
Contributions in relation to the contractually required contribution	<u>(6,389,244)</u>	<u>(6,075,549)</u>	<u>(6,328,448)</u>	<u>(6,209,483)</u>	<u>(5,597,074)</u>	<u>(5,000,261)</u>	<u>(4,694,021)</u>	<u>(4,452,661)</u>	<u>(3,988,576)</u>	<u>(3,742,505)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,139,056	\$ 30,561,105	\$ 32,654,514	\$ 32,391,134	\$ 30,115,278	\$ 26,987,628	\$ 26,482,692	\$ 26,371,360	\$ 26,149,589	\$ 24,788,562
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.17%	18.59%	18.53%	17.72%	16.88%	15.25%	15.10%

See Notes to the Required Supplementary Information.

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.3260090998%	0.3396290733%	0.3638962698%	0.3762747036%	0.3504359341%	0.3374369636%
District's proportionate share of the net OPEB liability (asset)	\$ 2,811,193	\$ 3,227,240	\$ 4,090,187	\$ 5,119,375	\$ 4,554,265	\$ 4,374,985
District's covered payroll	\$ 30,870,784	\$ 31,405,995	\$ 32,720,033	\$ 31,824,104	\$ 28,567,619	\$ 26,643,022
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.50%	17.00%	17.50%	16.70%

*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.

See Notes to the Required Supplementary Information.

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 327,818	\$ 311,639	\$ 333,076	\$ 330,390	\$ 307,176	\$ 275,274	\$ 270,123	\$ 268,988	\$ 266,726	\$ 252,843
Contributions in relation to the contractually required contribution	<u>(327,818)</u>	<u>(311,639)</u>	<u>(333,076)</u>	<u>(330,390)</u>	<u>(307,176)</u>	<u>(275,274)</u>	<u>(270,123)</u>	<u>(268,988)</u>	<u>(266,726)</u>	<u>(252,843)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,139,056	\$ 30,561,105	\$ 32,654,514	\$ 32,391,134	\$ 30,115,278	\$ 26,987,628	\$ 26,482,692	\$ 26,371,360	\$ 26,149,589	\$ 24,788,562
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See Notes to the Required Supplementary Information.

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31 measurement period for the following years ended:

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- AI cap decreased from 1.25% to 1.00%

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 4.72%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

- 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.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31 measurement period for the following years ended:

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from 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.

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.

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

- 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.

DURANGO SCHOOL DISTRICT 9-R

SUPPLEMENTARY INFORMATION

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

**DURANGO SCHOOL DISTRICT 9-R
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Food Service Fund – This fund is used to account for the operations of the school breakfast and lunch programs.

Interscholastic Activities Fund – This fund is used to account for revenues and expenditures associated with interscholastic athletics and activities.

Student Activities Fund- This fund is used to account for revenues and expenditures associated with student activities.

After School Enrichment Fund- This fund is used to account for resources allocated for the after school supervision program.

CAPITAL PROJECTS FUNDS

Capital Reserve Capital Projects Fund - This fund is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

DURANGO SCHOOL DISTRICT 9-R
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	SPECIAL REVENUE FUNDS				CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL
	FOOD SERVICE FUND	INTER- SCHOLASTIC ACTIVITIES FUNDS	STUDENT ACTIVITIES FUND	AFTER SCHOOL ENRICHMENT FUND		
ASSETS						
Equity in Pooled Cash	\$ 1,008,491	\$ 428,445	\$ 347,290	\$ 68,973	\$ 8,054,570	\$ 9,907,769
Accounts Receivable	944	-	-	-	145,761	146,705
Due from Other Government	590,314	-	-	-	110,000	700,314
Materials and Supplies Inventory	26,557	-	-	-	-	26,557
Prepaid Expenses	-	12,243	-	-	16,760	29,003
	<u>1,626,306</u>	<u>440,688</u>	<u>347,290</u>	<u>68,973</u>	<u>8,327,091</u>	<u>10,810,348</u>
Total Assets	<u>\$ 1,626,306</u>	<u>\$ 440,688</u>	<u>\$ 347,290</u>	<u>\$ 68,973</u>	<u>\$ 8,327,091</u>	<u>\$ 10,810,348</u>
LIABILITIES						
Account Payable	\$ 1,524	\$ 1,559	\$ 7,511	\$ 21,742	\$ 809	\$ 33,145
Accrued Salaries and Benefits	190,894	44,296	(191)	19,011	-	254,010
Unearned Grant Revenue	-	-	-	-	-	-
	<u>192,418</u>	<u>45,855</u>	<u>7,320</u>	<u>40,753</u>	<u>809</u>	<u>287,155</u>
Total Liabilities	<u>192,418</u>	<u>45,855</u>	<u>7,320</u>	<u>40,753</u>	<u>809</u>	<u>287,155</u>
FUND BALANCES						
Nonspendable	26,557	12,243	-	-	16,760	55,560
Restricted	-	-	-	-	811,621	811,621
Committed	1,407,331	382,590	339,970	28,220	7,497,901	9,656,012
	<u>1,433,888</u>	<u>394,833</u>	<u>339,970</u>	<u>28,220</u>	<u>8,326,282</u>	<u>10,523,193</u>
Total Fund Balances	<u>1,433,888</u>	<u>394,833</u>	<u>339,970</u>	<u>28,220</u>	<u>8,326,282</u>	<u>10,523,193</u>
Total Liabilities and Fund Balances	<u>\$ 1,626,306</u>	<u>\$ 440,688</u>	<u>\$ 347,290</u>	<u>\$ 68,973</u>	<u>\$ 8,327,091</u>	<u>\$ 10,810,348</u>

DURANGO SCHOOL DISTRICT 9-R
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS				CAPITAL RESERVE CAPITAL PROJECT FUND	TOTAL NONMAJOR GOVERNMENTAL
	FOOD SERVICE FUND	INTER- SCHOLASTIC ACTIVITIES FUND	STUDENT ACTIVITIES FUND	AFTER SCHOOL ENRICHMENT FUND		
REVENUES						
Local Sources	\$ 19,669	\$ 292,671	\$ 482,549	\$ 177,154	\$ 100	\$ 972,143
Intermediate Sources	-	-	-	-	145,761	145,761
State Sources	29,320	-	-	-	-	29,320
Federal Sources	2,462,250	-	-	-	-	2,462,250
Total Revenues	<u>2,511,239</u>	<u>292,671</u>	<u>482,549</u>	<u>177,154</u>	<u>145,861</u>	<u>3,609,474</u>
EXPENDITURES						
Instructional Services	-	811,435	482,872	-	-	1,294,307
Instructional Staff Support Services	-	402,612	-	-	-	402,612
Operations and Maint. of Plant Services	-	-	-	-	159,725	159,725
Student Transportation Services	-	-	-	-	384,235	384,235
Food Services	2,070,980	-	-	-	-	2,070,980
Community Service Operations	-	-	-	308,042	-	308,042
Other Support Services	-	-	-	-	-	-
Capital Outlay	-	-	-	-	595,351	595,351
Debt Services	-	212,074	-	-	-	212,074
Total Expenditures	<u>2,070,980</u>	<u>1,426,121</u>	<u>482,872</u>	<u>308,042</u>	<u>1,139,311</u>	<u>5,427,326</u>
Excess (deficiency) of revenues over expenditures	<u>440,259</u>	<u>(1,133,450)</u>	<u>(323)</u>	<u>(130,888)</u>	<u>(993,450)</u>	<u>(1,817,852)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Fixed Assets	-	-	-	-	4,760,958	4,760,958
Transfers From Other Funds	275,000	1,300,000	-	100,000	2,000,000	3,675,000
Transfers To Other Funds	-	-	-	-	(100,000)	(100,000)
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>1,300,000</u>	<u>-</u>	<u>100,000</u>	<u>6,660,958</u>	<u>8,335,958</u>
NET CHANGE IN FUND BALANCE	<u>715,259</u>	<u>166,550</u>	<u>(323)</u>	<u>(30,888)</u>	<u>5,667,508</u>	<u>6,518,106</u>
FUND BALANCE, Beginning of Year	<u>718,629</u>	<u>228,283</u>	<u>340,293</u>	<u>59,108</u>	<u>2,658,774</u>	<u>4,005,087</u>
FUND BALANCE, End of Year	<u>\$ 1,433,888</u>	<u>\$ 394,833</u>	<u>\$ 339,970</u>	<u>\$ 28,220</u>	<u>\$ 8,326,282</u>	<u>\$ 10,523,193</u>

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSTIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 60,000	\$ 60,000	\$ 19,669	\$ (40,331)
State Sources	15,000	35,000	29,320	(5,680)
Federal Sources	1,200,000	1,200,000	2,331,831	1,131,831
Total Revenues	<u>1,275,000</u>	<u>1,295,000</u>	<u>2,380,820</u>	<u>1,085,820</u>
EXPENDITURES				
Food Services				
Salaries	675,000	711,708	675,908	35,800
Benefits	315,000	316,874	285,847	31,027
Purchased Services	20,800	20,800	4,996	15,804
Purchased Property Services	-	-	520	(520)
Travel, Registration, and Entrance	1,100	1,100	2,072	(972)
Food, Commodities, and Supplies	921,160	921,160	968,812	(47,652)
Other Purchased Services	-	-	2,406	(2,406)
Equipment	1,000	1,000	-	1,000
Dues and Fees	400	400	-	400
Total Expenditures	<u>1,934,460</u>	<u>1,973,042</u>	<u>1,940,561</u>	<u>32,481</u>
Excess (deficiency) of revenues over expenditures	<u>(659,460)</u>	<u>(678,042)</u>	<u>440,259</u>	<u>1,118,301</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE -				
BUDGET BASIS	<u>(384,460)</u>	<u>(403,042)</u>	<u>715,259</u>	<u>1,118,301</u>
NON-BUDGETED REVENUES AND EXPENDITURES				
USDA Commodities Received			130,419	
USDA Commodities Expended			<u>(130,419)</u>	
Total Non-Budgeted Activity			-	
NET CHANGE IN FUND BALANCE -				
GAAP BASIS	<u>\$ (384,460)</u>	<u>\$ (403,042)</u>	<u>715,259</u>	<u>\$ 1,118,301</u>
FUND BALANCE, Beginning of Year			<u>718,629</u>	
FUND BALANCE, End of Year			<u>\$ 1,433,888</u>	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
INTERSCHOLASTIC ACTIVITIES FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSTIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 137,000	\$ 300,000	\$ 292,671	\$ (7,329)
Total Revenues	<u>137,000</u>	<u>300,000</u>	<u>292,671</u>	<u>(7,329)</u>
EXPENDITURES				
Instructional Program	880,832	976,320	811,435	164,885
Instructional Staff Support Services	232,318	232,318	402,612	(170,294)
Debt Services	<u>212,000</u>	<u>212,000</u>	<u>212,074</u>	<u>(74)</u>
Total Expenditures	<u>1,325,150</u>	<u>1,420,638</u>	<u>1,426,121</u>	<u>(5,483)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,188,150)</u>	<u>(1,120,638)</u>	<u>(1,133,450)</u>	<u>(12,812)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 111,850</u></u>	<u><u>\$ 179,362</u></u>	<u>166,550</u>	<u><u>\$ (12,812)</u></u>
FUND BALANCE, Beginning of Year			<u>228,283</u>	
FUND BALANCE, End of Year			<u><u>\$ 394,833</u></u>	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSTIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 350,000	\$ 350,000	\$ 482,549	\$ 132,549
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>482,549</u>	<u>132,549</u>
EXPENDITURES				
Instructional Program	<u>683,938</u>	<u>690,293</u>	<u>482,872</u>	<u>207,421</u>
Total Expenditures	<u>683,938</u>	<u>690,293</u>	<u>482,872</u>	<u>207,421</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (333,938)</u></u>	<u><u>\$ (340,293)</u></u>	<u>(323)</u>	<u><u>\$ 339,970</u></u>
FUND BALANCE, Beginning of Year			<u>340,293</u>	
FUND BALANCE, End of Year			<u><u>\$ 339,970</u></u>	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
AFTER SCHOOL ENRICHMENT FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSTIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 100,000	\$ 180,000	\$ 177,154	\$ (2,846)
Total Revenues	100,000	180,000	177,154	(2,846)
EXPENDITURES				
Community Services Operations				
Salaries	150,000	150,000	87,989	62,011
Fringe Benefits	45,000	45,000	31,881	13,119
Purchased Services	20,000	130,000	178,050	(48,050)
Other Purchases	-	-	3,236	(3,236)
Travel, Registration, and Entrance	-	-	323	(323)
Supplies	15,000	5,000	3,807	1,193
Dues and Fees	-	-	2,756	(2,756)
Total Expenditures	230,000	330,000	308,042	21,958
Excess (deficiency) of revenues over expenditures	(130,000)	(150,000)	(130,888)	19,112
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	\$ (30,000)	\$ (50,000)	(30,888)	\$ 19,112
FUND BALANCE, Beginning of Year			59,108	
FUND BALANCE, End of Year			\$ 28,220	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSTIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ 100	\$ 100
Intermediate Sources	300,000	4,750,000	145,761	(4,604,239)
State Sources	-	-	-	-
Total Revenues	300,000	4,750,000	145,861	(4,604,139)
EXPENDITURES				
Operations and Maint. of Plant Services	90,000	90,000	159,725	(69,725)
Student Transportation Services	-	-	384,235	(384,235)
Food Service	30,000	30,000	-	30,000
Capital Outlay	1,380,000	1,739,725	595,351	1,144,374
Total Expenditures	1,500,000	1,859,725	1,139,311	720,414
Excess (deficiency) of revenues over expenditures	(1,200,000)	2,890,275	(993,450)	(3,883,725)
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	4,760,958	4,760,958
Transfers In	1,400,000	2,000,000	2,000,000	-
Transfers Out	-	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	1,400,000	1,900,000	6,660,958	4,760,958
NET CHANGE IN FUND BALANCE	\$ 200,000	\$ 4,790,275	5,667,508	\$ 877,233
FUND BALANCE, Beginning of Year			2,658,774	
FUND BALANCE, End of Year			\$ 8,326,282	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSTIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 7,856,513	\$ 8,964,225	\$ 7,811,972	\$ (1,152,253)
Total Revenues	<u>7,856,513</u>	<u>8,964,225</u>	<u>7,811,972</u>	<u>(1,152,253)</u>
EXPENDITURES				
Debt Service				
Principal	4,220,000	4,220,000	4,220,000	-
Interest	3,414,018	4,742,225	4,742,226	(1)
Other	2,000	2,000	1,001	999
Total Expenditures	<u>7,636,018</u>	<u>8,964,225</u>	<u>8,963,227</u>	<u>998</u>
NET CHANGE IN FUND BALANCE	<u>\$ 220,495</u>	<u>\$ -</u>	(1,151,255)	<u>\$ (1,151,255)</u>
FUND BALANCE, Beginning of Year			<u>14,998,511</u>	
FUND BALANCE, End of Year			<u>\$ 13,847,256</u>	

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS BUILDING FUND
For the Fiscal Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSTIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ -	\$ -	\$ 100	\$ 100
Intermediate Sources	300,000	4,750,000	145,761	(4,604,239)
State Sources	-	-	-	-
Total Revenues	<u>300,000</u>	<u>4,750,000</u>	<u>145,861</u>	<u>(4,604,139)</u>
EXPENDITURES				
Operations and Maint. of Plant Services	90,000	90,000	159,725	(69,725)
Student Transportation Services	-	-	384,235	(384,235)
Food Service	30,000	30,000	-	30,000
Capital Outlay	<u>1,380,000</u>	<u>1,739,725</u>	<u>595,351</u>	<u>1,144,374</u>
Total Expenditures	<u>1,500,000</u>	<u>1,859,725</u>	<u>1,139,311</u>	<u>720,414</u>
Excess (deficiency) of revenues over expenditures	<u>(1,200,000)</u>	<u>2,890,275</u>	<u>(993,450)</u>	<u>(3,883,725)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	4,760,958	4,760,958
Transfers In	1,400,000	2,000,000	2,000,000	-
Transfers Out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,400,000</u>	<u>1,900,000</u>	<u>6,660,958</u>	<u>4,760,958</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 200,000</u></u>	<u><u>\$ 4,790,275</u></u>	<u>5,667,508</u>	<u><u>\$ 877,233</u></u>
FUND BALANCE, Beginning of Year			<u>2,658,774</u>	
FUND BALANCE, End of Year			<u><u>\$ 8,326,282</u></u>	

DURANGO SCHOOL DISTRICT 9-R STATISTICAL SECTION

This part of the Durango School District 9-R Comprehensive Annual Financial Report presents detailed data as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

Financial Trend Data

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity Data

These schedules contain information to help the reader assess the District's most significant local revenue source, the ad valorem property tax.

Debt Capacity Data

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial reports relate to the services the District provides and the activities it performs.

DURANGO SCHOOL DISTRICT 9-R

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets:	\$ 27,267,945	\$ 32,359,384	\$ 36,000,870	\$ 37,014,006	\$ 43,572,599	\$ 47,485,436	\$ 52,326,437	\$ 55,870,286	\$ 55,835,444	\$ 62,060,940
Restricted	10,904,766	11,250,465	10,777,931	12,033,056	12,276,497	12,862,764	13,015,073	15,304,321	130,623,544	26,121,794
Unrestricted	11,117,725	7,854,541	(72,603,748)	(73,252,267)	(102,287,572)	(146,500,800)	(138,944,154)	(123,426,807)	(204,047,696)	(74,875,890)
Total Governmental Activities										
Net Position	<u>49,290,436</u>	<u>51,464,390</u>	<u>(25,824,947)</u>	<u>(24,205,205)</u>	<u>(46,438,476)</u>	<u>(86,152,600)</u>	<u>(73,602,644)</u>	<u>(52,252,200)</u>	<u>(17,588,708)</u>	<u>13,306,844</u>
Business-Type Activities										
Net Investment in Capital Assets:	65,371	44,447								
Unrestricted	84,371	48,888	213	9,455	2,420	4,745				
Total Business-Type Activities										
Net Position	<u>149,742</u>	<u>93,335</u>	<u>213</u>	<u>9,455</u>	<u>2,420</u>	<u>4,745</u>				
Primary Government										
Net Investment in Capital Assets:	27,333,316	32,403,831	36,000,870	37,014,006	43,572,599	47,485,436	52,326,437	55,870,286	55,835,444	62,060,940
Restricted	10,904,766	11,250,465	10,777,931	12,033,056	12,276,497	12,862,764	13,015,073	15,304,321	130,623,544	26,121,794
Unrestricted	11,202,096	7,903,429	(72,603,535)	(73,242,812)	(102,285,152)	(146,496,055)	(138,944,154)	(123,426,807)	(204,047,696)	(74,875,890)
Total Primary Government										
Net Position	<u>\$ 49,440,178</u>	<u>\$ 51,557,725</u>	<u>\$(25,824,734)</u>	<u>\$(24,195,750)</u>	<u>\$(46,436,056)</u>	<u>\$(86,147,855)</u>	<u>\$(73,602,644)</u>	<u>\$(52,252,200)</u>	<u>\$(17,588,708)</u>	<u>\$ 13,306,844</u>

Source: District Records (Statement of Net Position)

DURANGO SCHOOL DISTRICT 9-R

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Instruction	\$25,670,050	\$28,256,393	\$30,533,314	\$31,160,154	\$48,940,646	\$60,444,717	\$35,556,077	\$32,897,540	\$36,206,510	\$29,415,846
Pupil Activities	5,216,886	4,897,196	5,422,972	5,999,118	9,311,883	13,016,266	7,628,000	6,690,178	5,207,072	4,523,860
Instructional Support										
General & School Administration	3,253,769	3,443,568	3,708,965	3,921,263	6,197,572	7,307,791	3,643,225	4,098,573	3,141,882	2,556,075
Business Services	651,882	623,676	612,474	638,094	1,718,662	1,516,067	853,828	584,918	471,982	444,813
Maintenance & Operations	3,906,412	4,055,091	4,804,775	4,809,893	6,395,265	8,637,237	5,916,484	5,445,609	4,020,168	4,573,425
Transportation	1,333,446	1,513,448	1,524,945	1,490,801	2,414,032	2,808,372	1,712,849	1,295,264	1,188,683	1,240,643
Central Services	2,703,123	2,301,344	2,434,996	2,675,149	3,612,387	4,237,587	2,644,356	2,736,312	1,808,115	1,673,603
Food Services			1,547,229	1,414,038	2,121,810	2,540,326	1,664,667	1,469,169	1,158,421	1,573,367
Other Community Services	40,736		142,220	143,115	507,601	420,260	1,427,361	1,072,123	1,516,099	7,705,219
Interest & Fiscal Charges	2,282,927	2,385,589	2,580,150	1,698,807	1,386,913	1,187,172	909,612	680,767	1,161,951	3,118,301
Total Governmental Activities Expenses	45,059,231	47,476,305	53,312,040	53,950,432	82,606,771	102,115,795	61,956,459	56,970,453	55,880,883	56,825,152
Business-Type Activities:										
Food Services	1,472,783	1,527,802								
After School Enrichment Program	195,485	343,591	362,361	361,132	291,059	307,486				
Total Business-Type Activities	1,668,268	1,871,393	362,361	361,132	291,059	307,486				
Total Primary Government Expenses	46,727,499	49,347,698	53,674,401	54,311,564	82,897,830	102,423,281	61,956,459	56,970,453	55,880,883	56,825,152
Program Revenues										
Governmental Activities:										
Operating Grants, Contributions & Interest	2,769,917	2,844,832	3,842,531	3,752,647	4,243,764	7,347,380	9,222,859	8,896,428	11,836,058	11,329,886
Capital Grants & Contributions	56,855	371,338	431,160	2,331	17,000	11,350	825,709	622,671	58,334	106,513
Charges for Services and Sales-Tuition										
Charges for Services and Sales-Other	423,748	504,353	1,021,198	1,264,208	1,202,262	1,100,685	1,271,053	995,417	532,413	1,021,057
Total Governmental Activities Program Revenues	3,250,520	3,720,523	5,294,889	5,019,186	5,463,026	8,459,415	11,319,621	10,514,516	12,426,805	12,457,456
Business-Type Activities:										
Charges for Services and Sales	698,608	709,095	297,714	319,874	249,024	229,811				
Operating Grants, Contributions & Interest	814,273	811,391								
Total Business-Type Activities Program Revenues	1,512,881	1,520,486	297,714	319,874	249,024	229,811				
Total Primary Government Program Revenues	4,763,401	5,241,009	5,592,603	5,339,060	5,712,050	8,689,226	11,319,621	10,514,516	12,426,805	12,457,456
Net (Expense)/ Revenue										
Governmental Activities	(41,808,711)	(43,755,782)	(48,017,151)	(48,931,246)	(77,143,745)	(93,656,380)	(50,636,838)	(46,455,937)	(43,454,078)	(44,367,696)
Business-Type Activities	(155,387)	(350,907)	(64,647)	(41,258)	(42,035)	(77,675)				
Total Primary Government Net Expense	(41,964,098)	(44,106,689)	(48,081,798)	(48,972,504)	(77,185,780)	(93,734,055)	(50,636,838)	(46,455,937)	(43,454,078)	(44,367,696)
General Revenues & Other Changes in Net Positions										
Governmental Activities:										
Taxes	27,299,742	26,479,304	28,584,042	28,936,827	28,819,200	29,580,471	31,272,842	32,537,813	33,572,523	35,656,545
State Equalization	17,038,215	19,138,711	20,074,131	20,874,848	25,383,015	27,946,228	31,118,491	34,952,471	44,480,144	38,361,374
Investment Earnings	36,479	19,817	16,860	46,438	133,426	279,060	450,653	343,091	64,905	(890,108)
Amortization of Bond Premium										
Gain on Sale Land				142,342						2,135,437
Miscellaneous	475,147	586,404	358,521	601,033	609,833	451,548				
Transfer	(123,000)	(294,500)	(63,500)	(50,500)	(35,000)	(80,000)				
Total Governmental Activities	44,726,583	45,929,736	48,970,054	50,550,988	54,910,474	58,177,307	62,841,986	67,833,375	78,117,572	75,263,248
Business-Type Activities:										
Other sources										
Transfer	123,000	294,500	63,500	50,500	35,000	80,000				
Total Business-Type Activities	123,000	294,500	63,500	50,500	35,000	80,000				
Total Primary Government	44,849,583	46,224,236	49,033,554	50,601,488	54,945,474	58,257,307	62,841,986	67,833,375	78,117,572	75,263,248
Changes in Net Position										
Governmental Activities	2,917,872	2,173,954	952,903	1,619,742	(22,233,271)	(35,479,073)	12,205,149	21,350,441	34,663,494	30,895,552
Change in Accounting Principle Governmental			(78,242,240)				344,806			
Business-Type Activities	(32,387)	(56,407)	(1,147)	9,242	(7,035)	2325				
Change in Accounting Principle Business-Type			(91,975)				(4,745)			
Changes in Net Position	2,885,485	2,117,547	(77,382,459)	1,628,984	(22,240,306)	(35,476,748)	12,545,210	21,350,441	34,663,494	30,895,552

Source: District Records (Statement of Activities)

DURANGO SCHOOL DISTRICT 9-R
FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 82,608	\$ 60,763	\$ 76,261	\$ 58,549	\$ 57,815	\$ 59,273	\$ 60,305	\$ 50,032	\$ 84,509	\$ 52,462
Restricted	3,574,852	1,975,477	1,300,000	1,355,000	1,509,426	1,873,333	1,918,218	1,980,588	2,267,250	2,120,000
Committed	3,090,898	2,830,018	2,926,702	2,987,919	3,520,375	3,602,876	3,997,586	4,278,232	4,984,819	8,205,000
Assigned	2,117,852	822,535	852,354	696,385	440,119	439,759	459,301	547,648	579,878	496,722
Unassigned	436,717	950,296	1,001,744	2,509,889	2,858,934	2,381,504	1,659,461	4,013,331	9,756,860	12,859,744
Total General Fund	<u>9,302,927</u>	<u>6,639,089</u>	<u>6,157,061</u>	<u>7,607,742</u>	<u>8,386,669</u>	<u>8,356,745</u>	<u>8,094,871</u>	<u>10,869,831</u>	<u>17,673,316</u>	<u>23,733,928</u>
All Other Governmental Funds										
Nonspendable				28,720	19,374	20,122	24,621	27,419	24,737	55,560
Restricted	12,289,942	9,704,766	10,050,465	9,576,262	12,578,056	10,767,071	11,096,856	13,323,733	128,356,293	114,001,794
Committed			231,682	900,000			490,210	969,651	3,314,488	9,670,055
Assigned	556,880	1,657,521	1,125,410	466,386	211,735	1,431,227				
Unassigned							4,763			
Total all other governmental fund:	<u>12,846,822</u>	<u>11,362,287</u>	<u>11,407,557</u>	<u>10,971,368</u>	<u>12,809,165</u>	<u>12,218,420</u>	<u>11,616,450</u>	<u>14,320,803</u>	<u>131,695,518</u>	<u>123,727,409</u>
Total Governmental Funds	<u>\$ 22,149,749</u>	<u>\$ 18,001,376</u>	<u>\$ 17,564,618</u>	<u>\$ 18,579,110</u>	<u>\$ 21,195,834</u>	<u>\$ 20,575,165</u>	<u>\$ 19,711,321</u>	<u>\$ 25,190,634</u>	<u>\$149,368,834</u>	<u>\$147,461,337</u>

Source: District Records (Balance Sheet - Governmental Funds)

DURANGO SCHOOL DISTRICT 9-R
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Taxes	\$ 27,422,251	\$ 26,729,197	\$ 28,109,416	\$ 28,884,317	\$ 28,429,184	\$ 29,568,039	\$ 31,252,152	\$ 32,303,823	\$ 33,719,164	\$ 35,656,545
Intergovernmental:										
Federal	1,125,808	1,447,177	1,892,374	1,716,580	2,019,784	3,045,215	3,323,075	3,248,206	6,619,315	6,113,463
State	17,739,314	20,105,493	21,212,985	22,031,148	26,616,137	31,300,618	35,883,802	39,792,945	48,119,071	42,150,284
County or Intermediate				562,188	392,528	352,848	303,998	212,201	701,454	199,894
Local	1,295,979	1,214,676	2,419,147	2,178,089	2,314,678	2,229,948	2,927,238	2,186,636	1,467,107	1,441,971
Interest	36,479	19,817	16,860	46,438	133,426	279,060	450,653	343,091	64,906	
Miscellaneous	602,781	678,292	203,035	233,821	322,409	4,368				
Total Revenues	48,222,612	50,194,652	53,853,817	55,652,581	60,228,146	66,780,096	74,140,918	78,086,902	90,691,017	85,562,157
EXPENDITURES										
Current:										
Instructional	23,586,017	25,098,635	25,273,438	25,143,058	27,743,959	33,713,329	38,311,010	39,155,854	48,284,515	42,381,348
Supporting Services	17,310,118	17,498,558	18,775,786	19,422,601	20,813,504	24,088,930	26,557,313	26,729,271	24,125,069	28,147,575
Capital Outlay	3,611,798	2,042,214	2,705,635	1,997,516	3,060,102	1,953,229	863,065	518,898	1,560,387	12,111,431
Debt Service:										
Principal	7,275,000	5,070,000	4,270,000	5,495,000	5,750,000	7,519,238	7,075,977	5,226,123	4,666,515	4,777,896
Interest	2,825,235	2,569,300	3,392,150	2,035,170	1,872,944	291,613	1,460,229	1,185,831	2,081,313	4,792,640
Other	156,157	240,013	248,193	366,994	514,455	212,074	33,579	71,449	2,000	19,725
Total Expenses	54,764,325	52,518,720	54,665,202	54,460,339	59,754,964	67,778,413	74,301,173	72,887,426	80,719,799	92,230,615
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,541,713)	(2,324,068)	(811,385)	1,192,242	473,182	(998,316)	(160,256)	5,199,476	9,971,218	(6,668,458)
Other Financing Sources (Uses)										
Sale of Fixed Assets or Land				142,342						4,760,958
Proceeds of the State										
Loan Program									3,427,853	
Payments to the State										(3,427,853)
Loan Program										
Bonds Issued				5,608,890					90,000,000	
Bond Refunding				(5,794,425)						
Premium on Bond Issued				289,929					24,206,987	
Lease Proceeds	3,052,303			1,900,000						
Transfers/ Allocation In	3,811,091	2,378,869	3,133,604	1,657,874	3,550,000	2,296,011	2,674,078	3,025,000	3,210,000	3,575,000
Transfers/ Allocation Out	(3,934,091)	(2,673,369)	(3,197,104)	(1,708,374)	(3,835,000)	(2,376,011)	(2,674,078)	(3,025,000)	(3,210,000)	(3,575,000)
Total Other Financing Sources (Uses)	2,929,303	(294,500)	(63,500)	2,096,236	(285,000)	(80,000)			114,206,987	4,760,958
Net Change in Fund Balances	\$ (3,612,410)	\$ (2,618,568)	\$ (874,885)	\$ 3,288,478	\$ 188,182	\$ (1,078,316)	\$ (160,256)	\$ 5,199,476	\$ 124,178,205	\$ (1,907,500)
Debt Service as a Percentage of Noncapital Expenditures	18.44%	14.55%	14.02%	13.83%	12.76%	11.52%	11.49%	8.80%	8.36%	11.12%

Source: District Records (Statement of Revenues, Expenditures, and Changes in Net Assets - Governmental Funds)

DURANGO SCHOOL DISTRICT 9-R
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Assessment Year	Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial, Agricultural & Natural Resources	Oil & Gas	State Assessed, Vacant Land & Other	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Residential Assessment Rate	Oil & Gas Assessment Rate	All Others Assessment Rate
2012	2013	468,373,080	329,729,870	30,877,730	474,235,410	190,418,550	1,493,634,640	17.017	8,696,152,210	17.18%	7.96%	87.50%	29.00%
2013	2014	442,086,890	314,865,730	33,388,270	323,115,560	170,362,600	1,283,819,050	19.090	8,084,509,080	15.88%	7.96%	87.50%	29.00%
2014	2015	450,117,610	320,762,010	36,000,160	383,743,340	166,867,230	1,357,490,350	19.090	8,272,720,720	16.41%	7.96%	87.50%	29.00%
2015	2016	509,495,590	331,701,950	36,325,300	443,997,090	168,696,490	1,490,216,420	17.876	9,156,871,230	16.27%	7.96%	87.50%	29.00%
2016	2017	518,261,530	338,626,890	37,755,580	263,427,240	168,565,300	1,326,636,540	19.874	9,031,667,280	14.69%	7.96%	87.50%	29.00%
2017	2018	632,017,000	405,146,000	48,343,640	454,298,000	222,974,000	1,762,779,000	19.874	11,629,844,000	15.16%	7.96%	87.50%	29.00%
2018	2019	643,865,740	407,494,020	51,320,520	517,221,900	212,671,430	1,832,574,000	20.281	11,849,159,000	15.47%	7.96%	87.50%	29.00%
2019	2020	698,220,170	432,163,690	52,039,920	467,800,480	217,555,190	1,867,779,450	21.129	10,694,308,150	17.47%	7.15%	87.50%	29.00%
2020	2021	709,755,000	434,685,000	53,141,000	365,312,000	216,280,150	1,779,172,000	22.787	10,679,613,890	16.66%	7.15%	87.50%	29.00%
2021	2022	755,032,430	421,132,120	52,169,510	281,085,850	210,122,560	1,719,542,470	24.025	13,237,770,235	12.99%	7.15%	87.50%	29.00%

Source: La Plata County Assessor's Office (Selected Authority Abstract)

DURANGO SCHOOL DISTRICT 9-R
PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

Assessment Year	Fiscal Year	Durango School District 9-R					City of	La Plata	Special	Total Direct & Overlapping Rates (1)
		General Fund Millage	Bond Levy Millage	Override Levy Millage	ADA/Asbestos Abatement	Total District Millage	Total City Millage	Total County Millage	Total Special District Millage	
2012	2013	6.601	4.854	5.504	0.058	17.017	2.507	8.500	1.564	29.588
2013	2014	6.601	6.040	6.404	0.045	19.090	2.507	8.500	1.585	31.682
2014	2015	6.601	6.367	6.056	0.066	19.090	2.507	8.500	1.424	31.521
2015	2016	6.601	5.73	5.517	0.028	17.876	2.507	8.500	2.052	30.935
2016	2017	6.601	5.755	7.501	0.017	19.874	2.507	8.500	2.057	32.94
2017	2018	6.601	5.776	7.846	0.058	20.281	2.507	8.500	2.351	33.64
2018	2019	6.601	5.776	8.636	0.062	20.281	5.007	8.500	2.370	36.16
2019	2020	6.601	5.776	8.692	0.060	21.129	5.007	8.500	2.370	37.01
2020	2021	6.601	5.776	10.318	0.092	22.787	5.007	8.500	2.472	38.77
2021	2022	7.601	5.776	10.559	0.089	24.025	5.007	8.500	2.930	40.46

Notes: (1) Overlapping rates are those of local and county governments that apply to property owners within Durango School District 9-R. Not all overlapping rates apply to all

Sources: Durango School District 9-R Mill Levy Resolution
 La Plata County Assessor Office

DURANGO SCHOOL DISTRICT 9-R
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed
Simcoe LLC	Energy	\$ 78,453,920	1	4.57%			
Simcoe LLC	Energy	52,425,280	2	3.06%			
Harvest Four Corners LLC	Energy	39,704,380	3	2.31%			
Hillcorp San Juan LP	Energy	38,399,730	4	2.24%			
Red Cedar	Energy	22,840,110	5	1.33%	\$ 28,140,620	8	1.18%
La Plata Electric Association	Energy	19,620,200	6	1.14%	19,400,900	10	0.81%
Red Willow Production Co.	Energy	14,788,640	7	0.86%	30,780,780	7	1.29%
Tri-State Gen & Transm Assoc	Energy	7,846,900	8	0.46%			
Public Service CO of Colorado (XCEL)	Energy	6,795,300	9	0.40%			
Glacier Property Associates, LLC	Real Estate	5,902,630	10	0.34%			
BP America Production Co.	Energy				601,785,260	1	25.14%
Samson Resources Company	Energy				147,291,360	2	6.15%
XTO Energy Company	Energy				73,114,760	3	3.05%
Conoco Phillips Company	Energy				56,994,870	4	2.38%
Burlington Resources Oil & Gas	Energy				46,028,590	5	1.92%
Williams Gas Processing	Energy				33,500,370	6	1.40%
Four Star Oil	Energy				28,034,320	9	1.17%
Totals		<u>\$ 286,777,090</u>		<u>16.71%</u>	<u>\$1,065,071,830</u>		<u>44.49%</u>
Total Assessed Valuation		\$1,715,843,970		100.00%	\$2,394,149,370		100.00%

Source: La Plata County Assessor's Office CAFR - Top Taxpayers

DURANGO SCHOOL DISTRICT 9-R
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN CALENDAR YEARS
 (Unaudited)

Assessment Year	Collection Year	Current Tax Levy (4)	Current Tax Collections (3)	Percent of Current Taxes Collected	Delinquent Tax Collections (1)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy (5)
2012	2013	25,417,181	25,013,976	98.41%	20,163	25,034,139	98.49%
2013	2014	24,508,106	24,136,969	98.49%	12,309	24,149,278	98.54%
2014	2015	25,914,791	25,291,782	97.60%	11,017	25,302,799	97.64%
2015	2016	26,639,109	26,385,177	99.05%	3,460	26,388,637	99.06%
2016	2017	26,366,052	25,964,047	98.48%	5,370	25,969,417	98.50%
2017	2018	26,809,537	26,238,343	97.87%	4,238	26,242,581	97.89%
2018	2019	28,428,835	27,017,345	95.04%	4,985	27,022,330	95.05%
2019	2020	28,428,689	27,487,667	96.69%	4,985	27,492,652	96.71%
2020	2021	30,995,389	30,316,157	97.81%	6,785	30,322,942	97.83%
2021	2022	32,379,009	31,812,728	98.25%	39,317	31,852,045	98.37%

Notes:

1. Includes delinquent tax collections collected in current year not reported by county by assessment year.
2. Source: La Plata County Assessor's Office.
3. Taxes collected are from January 1 to August 31.
4. Current tax levy per Durango School District 9-R Mill Levy Resolution.
5. Because taxes are reported in the fiscal year received instead of assessment year this percentage may exceed 100%.

DURANGO SCHOOL DISTRICT 9-R
LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Assessed Value	Debt Limit (1)	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2013	1,493,634,640	298,726,928	61,525,000	237,201,928	20.60%
2014	1,283,819,050	256,763,810	56,455,000	200,308,810	21.99%
2015	1,357,490,350	271,498,070	52,185,000	219,313,070	19.22%
2016	1,490,216,420	298,043,284	46,620,000	251,423,284	15.64%
2017	1,326,636,540	265,327,308	40,870,000	224,457,308	15.40%
2018	1,762,779,000	352,555,800	35,005,000	317,550,800	9.93%
2019	1,832,574,000	366,514,800	28,355,000	338,159,800	7.74%
2020	1,832,573,610	366,514,722	23,565,000	342,949,722	6.43%
2021	1,779,099,310	355,819,862	109,495,000	246,324,862	30.77%
2022	1,353,354,610	270,670,922	105,275,000	165,395,922	38.89%

(1) Debt limit represents 20% of the assessed valuation of the District. The property taxes collected by the District based on assessed valuation.

Source: La Plata County Assessor's Office (Amended Certification of Values)
 School District 9-R debt service schedules

DURANGO SCHOOL DISTRICT 9-R
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND BONDED DEBT PER CAPITA

LAST TEN CALENDAR YEARS
(Unaudited)

Fiscal Year Ended June 30	Total Actual Taxable Value	General Bonded Debt	Less: Amounts Available in Debt Service Fund (1)	Total	Percentage of Estimated Actual Taxable Vaule of Property	County Population	Bonded Debt per Capita
2013	8,696,152,210	61,525,000	9,704,766	51,820,234	0.6%	53,334	1,154
2014	8,084,509,080	56,455,000	10,050,465	46,404,535	0.6%	53,989	1,046
2015	8,272,720,720	52,185,000	9,379,652	42,805,348	0.5%	54,688	954
2016	9,156,871,230	46,620,000	10,460,541	36,159,459	0.4%	55,454	841
2017	9,031,667,280	40,870,000	10,486,381	30,383,619	0.3%	55,623	735
2018	11,629,844,000	35,005,000	10,728,481	24,276,519	0.2%	55,589	630
2019	11,849,159,000	28,355,000	10,600,993	17,754,007	0.1%	56,310	504
2020	10,694,308,150	23,565,000	12,781,070	10,783,930	0.1%	56,221	419
2021	10,679,613,890	109,495,000	14,998,511	94,496,489	0.9%	56,065	1,953
2022	13,237,770,235	105,275,000	13,847,256	91,427,744	0.7%	56,250	1,872

Source: La Plata County Assessor's Office.
Durango School District 9-R debt service schedule
US Census Bureau

(1) This is the amount restricted for debt service payments.
2016 County Population figures are estimates

DURANGO SCHOOL DISTRICT 9-R
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO GENERAL FUND EXPENDITURES
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year Ended June 30	Annual Debt Service Expenditures for General Bonded Debt	Total General Fund Expenditures	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures
2013	10,102,385	38,470,903	26.3%
2014	7,642,300	41,056,519	18.6%
2015	7,664,400	41,324,915	18.5%
2016	7,632,924	40,270,137	19.0%
2017	7,624,744	44,238,996	17.2%
2018	7,519,238	50,513,474	14.9%
2019	8,062,213	56,446,908	14.3%
2020	6,483,403	57,067,649	11.4%
2021	6,749,827	62,947,454	10.7%
2022	9,590,261	60,134,735	15.9%

Source: Durango School District 9-R debt service schedule and General Fund Schedule of Revenues, Expenditures, and Changes in Net Position

DURANGO SCHOOL DISTRICT 9-R
RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Outstanding Debt	County Population	Per Capita	Percentage of Personal Income (1)
	General Obligation Bonds	Financed Purchase Agreement				
2013	61,525,000	2,995,520	64,520,520	53,334	1,210	2.66%
2014	56,455,000	2,834,861	59,289,861	53,989	1,098	2.36%
2015	52,185,000	2,660,968	54,845,968	54,688	1,003	2.16%
2016	46,620,000	4,364,093	50,984,093	55,454	919	1.83%
2017	40,870,000	3,970,063	44,840,063	55,623	806	1.58%
2018	35,005,000	3,557,841	38,562,841	55,589	694	1.33%
2019	28,355,000	3,131,864	31,486,864	56,310	559	1.06%
2020	23,565,000	2,695,741	26,260,741	56,221	467	0.87%
2021	109,495,000	2,249,229	111,744,229	56,065	1,993	3.63%
2022	105,275,000	1,691,250	106,966,250	56,250	1,902	3.40%

Note: The District has similar, but not the same boundaries as La Plata County.

(1) Per capita income is reported on Table 14.

Source: Colorado Division of Local Governments
 La Plata County Assessor's Office
 Durango School District 9-R debt service schedule

DURANGO SCHOOL DISTRICT 9-R
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2022
(Unaudited)

	2021 Assessed Valuation	Entity's General Debt	Percentage Applicable to the District	Amount of Outstanding Debt Applicable to the District
Direct Debt:				
General Obligation Debt	\$1,715,843,970	\$ 105,275,000	100.00%	\$105,275,000
Financed Purchase Agreements		1,691,250	100.00%	1,691,250
Overlapping Debt:				
Aspen Trails Metropolitan District	2,755,880		100.00%	
Durango West Metro District No. 1	5,003,340		100.00%	
Edgemont Ranch Metropolitan District	32,640,090	196,421	100.00%	196,421
El Rancho Florida Metro. District	3,782,740	818,864	100.00%	818,864
La Plata Archuleta Water District	236,130,850	5,366,071	100.00%	5,366,071
La Plata County Palo Verde PID No. 3	849,120		100.00%	
Tamarron Metropolitan District	15,037,320	23,126,999	100.00%	23,126,999
Three Springs Metro. Districts 1	20,205,420		100.00%	
Upper Pine River Fire Protection District	220,516,510	1,462,253	11.18%	163,480
Total Overlapping Debt				29,671,836
Total Direct General Obligation and Overlapping Debt				\$136,638,086
Debt Ratio				6.14%
Debt Ratio with Over-lapping Debt				7.86%

Note: The percentage of overlapping debt is based on the percentage of the entities assessed value that is included in the assessed value of the District.

Source: Durango School District 9-R records
Other district records
Assessors' Offices of La Plata and Archuleta Counties and individual taxing entities

DURANGO SCHOOL DISTRICT 9-R
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	County Population	P/Y	P/Y	P/Y	P/Y	Government- wide Governmental Activities Expenses	Cost per Student
		Unemployment Rate	Per Capita Income	Certified Funded Pupil Count	School Enrollment		
2013	53,334	5.7%	45,476	4,395.5	4,653	45,059,231	9,684
2014	53,989	4.2%	46,492	4,362.1	4,762	47,476,305	9,970
2015	54,688	3.8%	46,388	4,353.9	4,723	53,312,040	11,288
2016	55,454	3.1%	50,206	4,411.7	4,818	53,950,432	11,199
2017	55,623	2.4%	51,110	4,812.5	5,183	82,606,771	15,938
2018	55,589	2.6%	52,030	4,976.6	5,251	102,115,797	19,447
2019	56,310	2.8%	52,966	4,958.3	5,540	61,956,459	11,183
2020	56,221	10.4%	53,920	4,473.0	5,634	56,970,452	10,112
2021	56,065	7.5%	54,890	6,775.5	6,997	55,880,883	7,986
2022	56,250	4.0%	55,878	4,449.7	5,584	56,825,152	10,177

Source: Colorado Division of Local Governments
 La Plata County records
 Durango School District 9-R enrollment records and Statement of Activities
 Per Capita Income for 2014, 2015, and 2017 unavailable. Estimates based on 1.8% annual growth

DURANGO SCHOOL DISTRICT 9-R
PRINCIPAL EMPLOYERS FOR LA PLATA COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2021		2012	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Southern Ute Indian Tribe	1,416	4.30%	1,400	4.96%
Durango School District 9-R	943	2.86%	573	2.03%
Mercy Regional Medical Center	756	2.30%	900	3.19%
Fort Lewis College	673	2.04%	709	2.51%
La Plata County	422	1.28%	400	1.42%
Walmart	338	1.03%	354	1.25%
City of Durango	328	1.00%	475	1.68%
Bayfield School District 11JT	226	0.69%	N/A	
Rocky Mountain Chocolate Factory	190	0.58%	N/A	
Purgatory Recreation Management LLC	136	0.41%	N/A	
Mercury Payments	N/A		417	1.48%
San Juan Basin Health	N/A		226	0.80%
Durango Mountain Resort	N/A		400	1.42%
Total	<u>5,428</u>	<u>16.48%</u>	<u>5,854</u>	<u>20.72%</u>
Total La Plata County Employment	<u>32,935</u>	<u>100%</u>	<u>28,250</u>	<u>100%</u>

Source: Region 9-Economic Development District of SW Colorado, La Plata County and City of Durango C

Notes: Employer data is not available at the municipal level. Data presented is for La Plata County.

The most recent data available is provided in the schedule.

DURANGO SCHOOL DISTRICT 9-R

CAPITAL ASSETS BY FUNCTION

LAST TEN YEARS

Function:	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction	\$136,880,287	\$137,242,054	\$139,694,769	\$141,700,844	\$140,880,916	\$140,847,600	\$141,671,320	\$142,756,855	\$149,544,061	\$148,060,190
Pupil Activities	260,551	1,635,056	2,385,518	2,581,405	6,212,754	6,211,285	6,247,610	6,247,610	5,862,433	5,145,547
General Administration	1,224,351	1,224,351	1,238,150	1,238,150	1,270,690	1,270,390	1,277,819	1,277,819	1,042,814	42,200
School Administration	348,674	348,674	348,674	348,674	348,674	348,592	350,630	350,630	28,534	42,165
Business Services	184,164	184,164	184,164	203,848	235,247	235,191	236,567	236,567	264,889	44,632
Maintenance & Operatior	701,388	1,605,973	1,612,099	1,623,049	1,911,657	1,911,205	1,922,382	1,922,382	4,349,894	5,754,063
Transportation	4,482,616	4,379,697	4,467,112	4,692,120	4,748,110	4,746,987	4,774,749	5,317,246	4,298,401	4,928,278
Central Services	1,676,400	712,187	712,187	909,292	909,292	909,077	914,394	914,394	1,269,343	
Food Services	276,334	276,334	134,197	282,133	422,673	422,573	425,044	425,044	275,709	269,116
Totals	\$146,034,765	\$147,608,490	\$150,776,870	\$153,579,514	\$ 156,940,013	\$ 157,857,847	\$157,820,516	\$159,448,548	\$166,936,078	\$164,286,192

Source: Durango School District 9-R capital asset records.

DURANGO SCHOOL DISTRICT 9-R

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUND AND EMPLOYEE TYPE

LAST TEN YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Administrators										
General Fund	33.0	36.0	39.0	41.0	39.8	41.0	48.0	45.0	45.0	46.0
Food Service	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Kids Camp	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5
	<u>34.0</u>	<u>38.0</u>	<u>41.0</u>	<u>43.0</u>	<u>41.8</u>	<u>43.0</u>	<u>50.0</u>	<u>47.0</u>	<u>47.0</u>	<u>47.5</u>
Non-Teaching Professionals										
General Fund	212.7	211.0	213.5	231.5	264.9	194.6	301.6	271.0	258.8	210.0
Insurance Reserve	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Governmental Designated Grant		2.8	0.8	5.4	1.3	15.0	15.0	15.0	30.5	28.0
Food Service	22.4	22.6	24.0	18.1	21.0	23.2	30.5	27.3	22.0	26.0
Kids Camp	12.0	16.0	13.5	9.2	9.9	15.2	10.3	6.0	10.4	0.0
	<u>248.1</u>	<u>252.8</u>	<u>251.8</u>	<u>264.2</u>	<u>297.1</u>	<u>248.0</u>	<u>357.4</u>	<u>319.3</u>	<u>321.6</u>	<u>264.0</u>
Teachers										
General Fund	317.6	317.1	313.4	288.3	317.1	387.0	389.0	348.0	324.8	359.0
Governmental Designated Grant	11.6	13.7	12.9	9.8	3.7	16.0	16.0	16.0	11.1	10.0
	<u>329.2</u>	<u>330.7</u>	<u>326.4</u>	<u>298.1</u>	<u>320.8</u>	<u>403.0</u>	<u>405.0</u>	<u>364.0</u>	<u>335.9</u>	<u>369.0</u>
Total - All Funds										
General Fund	563.3	564.1	566.0	560.8	621.8	622.6	738.6	664.0	628.5	615.0
Food Service	23.4	23.6	25.0	19.1	22.0	24.2	31.5	28.3	23.0	27.0
Insurance Reserve	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Governmental Designated Grant	11.6	16.4	13.7	15.2	5.0	31.0	31.0	31.0	41.6	38.0
Kids Camp	12.0	17.0	14.5	10.2	10.9	16.2	11.3	7.0	11.4	0.5
	<u>611.3</u>	<u>621.5</u>	<u>619.2</u>	<u>605.3</u>	<u>659.7</u>	<u>694.0</u>	<u>812.4</u>	<u>730.3</u>	<u>704.5</u>	<u>680.5</u>

Source: Durango School District 9-R human resource and payroll records.

DURANGO SCHOOL DISTRICT 9-R
NUTRITION SERVICES - FACTS AND FIGURES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
October 1 pupil count	4,590	4,670	4,564	4,697	5,053	4,999	5,313	5,634	6,997	5,643
October 1 count of benefits										
Students on free lunch	1,109	1,196	1,107	1,173	1,414	1,207	1,123	1,511	1,878	1,156
Student on reduced lunch	384	287	294	324	327	369	288	356	242	123
Percentage of students on:										
Free lunch	24.16%	25.61%	24.26%	24.97%	27.98%	24.15%	21.14%	26.82%	26.84%	20.49%
Reduced lunch	8.37%	6.15%	6.44%	6.90%	6.47%	7.38%	5.42%	6.32%	3.46%	2.18%
Total	32.53%	31.76%	30.70%	31.87%	34.45%	31.53%	26.56%	33.14%	30.30%	22.67%

Source: Durango School District 9-R records, CDE October Count - District Summary of Pupil Counts

DURANGO SCHOOL DISTRICT 9-R
MISCELLANEOUS STATISTICAL DATA

June 30, 2022
(Unaudited)

- Year of organization:	1956	<u>Enrollment and Funded Pupil Count</u>		
- Geographical area:	1039 square miles			Funded
- Accreditation:	Colorado Department of Education	<u>School Year</u>	<u>Enrollment</u>	<u>Pupil Count</u>
Number of Schools		2011-2012	4,559	4,444
Elementary	8	2012-2013	4,653	4,396
Middle	2	2013-2014	4,762	4,362
High	2	2014-2015	4,723	4,354
		2015-2016	4,818	4,412
Totals	<u>12</u>	2016-2017	5,183	4,813
		2017-2018	5,251	4,977
		2018-2019	5,540	4,958
		2019-2020	5,634	4,473
		2020-2021	6,997	6,776
		2021-2022	5,584	4,450

<u>Summary of Teachers by Education Level</u>			<u>Teacher/Student Ratio</u>			
<u>Education Level</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>	<u>School Year</u>	<u>Enrollment</u>	<u>Number of Teachers</u>	<u>Ratio</u>
Bachelor of Arts	49.00	12.10%	2012-2013	4,653	329	14.13
Bachelor of Arts + 15	12.00	2.96%	2013-2014	4,762	331	14.40
Bachelor of Arts + 30	6.00	1.48%	2014-2015	4,723	326	14.47
Bachelor of Arts + 45	63.00	15.56%	2015-2016	4,818	298	
Master's Degree	119.00	29.38%	2016-2017	5,183	321	16.16
Master's Degree + 15	25.00	6.17%	2017-2018	5,251	403	13.03
Master's Degree + 30	30.00	7.41%	2018-2019	5,540	405	13.68
Master's Degree + 45	27.00	6.67%	2019-2020	5,634	364	15.48
Master's Degree + 60	74.00	18.27%	2020-2021	6,997	393	17.82
	<u>405.00</u>	<u>100.00%</u>	2021-2022	5,584	369	15.13

<u>School Building Information</u>						
<u>School</u>	<u>Total Sq. Feet</u>	<u>Total Class Rooms</u>	<u>Year Built</u>	<u>Student Capacity</u>	<u>Percentage of Capacity Used</u>	
<u>Elementary</u>						
Florida Mesa	59,381	25	1959	350	100	
Animas Valley	59,160	26	1994	250	100	
Fort Lewis Mesa	52,647	20	1961	250	90	
Needham	70,815	30	1955	350	100	
Park	69,305	30	1956	350	100	
Riverview	69,700	29	2004	350	100	
Sunnyside	54,636	24	1962	250	90	
<u>Middle</u>						
Miller	119,695	44	1961	550	100	
Escalante	112,800	38	1994	550	100	
<u>High</u>						
Durango High	293,886	119	1976	1925	100	
Arts & Science	42,278	20	1957	225	75	

Note: * information not available

Source: Colorado Department of Education
Durango School District 9-R records

DURANGO SCHOOL DISTRICT 9-R

SINGLE AUDIT SECTION

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
United States Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 5553	\$ 502,367
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	130,419
National School Lunch Program	10.555	Colorado Department of Education, 5555/6555	1,816,831
Summer Food Service Program for Children	10.559	Colorado Department of Education, 4559	12,633
<i>Total Child Nutrition Cluster</i>			2,462,250
<i>Forest Service Schools and Roads Cluster</i>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and La Plata County Treasurer, 7665	106,768
<i>Total Forest Service Schools and Roads Cluster</i>			106,768
<i>Special Education Cluster (IDEA)</i>			
United States Department of Education			
Special Education Grants to States	84.027	Colorado Department of Education, 4027/8027	1,044,625
Special Education Preschool Grants	84.173	Colorado Department of Education, 4173	20,379
<i>Total Special Education Cluster (IDEA)</i>			1,065,004
<i>Total All Clusters</i>			3,634,022
<i>Other Programs</i>			
U.S. Department of Agriculture			
Pandemic EBT Administrative Costs	10.649	Colorado Department of Education, 4649	3,063
United States Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010/5010/7010	923,737
Career and Technical Education -- Basic Grants to States	84.048	Colorado Community College System, 4048	28,009

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Indian Education Grants to Local Educational Agencies	84.060	Colorado Department of Education, 4060	38,030
Special Education- State Personnel Development	84.323	Colorado Department of Education, 5323	10,000
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	18,291
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	135,463
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	29,071
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4425/4420/5425	675,556
United States Department of Treasury			
Coronavirus Relief Fund	21.019	Colorado Department of Education, 4012	<u>100,644</u>
Total Other Programs			<u>1,961,864</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,595,886</u></u>

DURANGO SCHOOL DISTRICT 9-R
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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. The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended June 30, 2022. 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 Durango School District 9-R under programs of the federal government for the year ended June 30, 2022. 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 Durango School District 9-R, it is not intended to and does not present the financial position, changes in net position, or cash flows of Durango School District 9-R.

NOTE 3 FOOD DISTRIBUTION

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

**INDEPENDENT AUDITOR’S 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**



**Wall,
Smith,
Bateman Inc.**

To the Board of Education
Durango School District 9-R
Durango, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Durango School District 9-R (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated February 04, 2023.

Report on 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) as a basis for designing 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items Finding 2022-001 that we consider to be a significant deficiency.

Report on 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 financial statements. 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 of other matters that are required to be reported under *Government Auditing Standards*.

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District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

February 04, 2023

**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
Durango School District 9-R
Durango, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Durango School District 9-R's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

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control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

February 04, 2023

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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)? X yes _____ 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)? X yes _____ no

Identification of major programs:

<u>Federal Assistance Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A
84.425D	COVID-19 Education Stabilization Fund

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

Auditee qualified as a low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

Finding 2022-001: Internal Control over Financial Reporting

Type of Finding: Internal Control (significant deficiency)

Condition: The District has not implemented a complete system of internal controls over financial close and reporting to include segregation of duties, monitoring of outstanding items in monthly reconciliations, and year end accounting procedures for financial statement preparation.

Cause: The District’s accounting department does not appear to be adequately staffed as the Accounting Manager position has remained vacant since January 2022, when the previous Accounting Manager was appointed to the Director of Finance position. In addition, turnover in positions within the accounting department during the year put additional burdens on limited staff resources.

DURANGO SCHOOL DISTRICT 9-R
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, antifraud programs, non-routine transactions, reconciliation procedures to correct errors, financial statement preparation, and the safeguarding of assets consistently.

Effect: Audit procedures identified the following:

- Duplicate checks were listed as outstanding on the bank reconciliation
- Errors in year-end cutoff of cash transactions reported as outstanding checks instead of accounts payable
- Inconsistent treatment of instructional expenses versus other supporting services between fiscal years
- Untimely submission of payroll liabilities
- Year-end financial statement preparation reconciliations were not fully completed

Recommendation: The District should continue and intensify the search for an Accounting Manager to relieve the workload compression in the accounting department. In addition, the District should document policies and procedures over monthly and year end accounting to ensure reconciliation differences are identified and corrected timely to prevent the accumulation of errors and year-end financial statement preparation is consistently applied and monitored.

Section III – Federal Award Findings and Questioned Costs

Finding 2022-002: **Title I, Part A, CFDA 84.010**
 U.S. Department of Education

Passed through the Colorado Department of Education

Compliance Requirements: Reporting

Grant No.: 4010

Type of Finding: Internal Control Over Compliance (significant deficiency) and Compliance (noncompliance)

Condition: The Title I, Part A annual financial report was not filed until February 2, 2022.

Cause: The District did not have a system of internal control in place to ensure compliance with the reporting requirements of Title I, Part A.

Criteria: The Title I, Part A grant terms and conditions required the submission of the annual financial report to the Colorado Department of Education no later than November 15, 2021.

Effect: The District did not comply with grant reporting deadlines.

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure compliance with federal program requirements.

Section IV – Summary Schedule of Prior Audit Findings

None



CORRECTIVE ACTION PLAN

Oversight Agencies: U.S. Department of Education
U.S. Department of Agriculture

Durango School District 9-R respectfully submits the following corrective action plan for the year ended June 30, 2022.

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, 2022

The findings from the June 30, 2022 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 2022-001: Internal Control Over Financing Reporting

Type of finding: Internal Control (significant deficiency)

Recommendation: The District should continue and intensify the search for Accounting Manager to relieve the workload compression in the accounting department. In addition, the District should document policies and procedures for monthly and year-end accounting to ensure reconciliation differences are identified and corrected timely to prevent the accumulation of errors and year-end financial statement preparation is consistently applied and monitored.

Action Taken:

Due to unfilled positions and a shortfall of staffing resources, the Finance Department has been understaffed by 2 full time positions. As of January 2023, the Finance Department has scheduled interviews and has begun the hiring process for both an Accounting Manager position as well as a Payroll/Accounts Receivable Clerk. As part of this process, the Finance Department will hold an internal training to review month and year end closure. This training will focus on timing, process, and implementation of procedures to reduce error as well as the importance of our month and year end reconciliations. All current and new staff will receive the training to ensure all policies and procedures are understood. This training will be recurring on a quarterly basis.

Section III – Federal Award Findings and Questioned Costs

Finding 2022-002: **Title I, Part A, CFDA 84.010**
 U.S. Department of Education

Passed through the Colorado Department of Education

Compliance Requirements: Reporting

Grant No.: 4010

Type of Finding: Internal Control Over Compliance (significant deficiency) and Compliance (noncompliance)

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure compliance with federal program requirements.

Action Taken:

The Finance Office has implemented a department-wide timeline containing all reporting requirements and deadlines for federal programs. Staff will reference this electronic document weekly to ensure all deadlines are being met and reports are prepared in a timely manner. All federal program and grant reports will be completed in advance with a two-step review process to ensure accuracy. This process will be tracked and maintained as part of the implementation of the electronic reporting document.

If the U.S. Department of Education or U.S. Department of Agriculture have questions regarding this plan, please contact the responsible party listed below.

Sincerely yours,

Karen Cheser

Karen Cheser
Superintendent
Durango School District 9-R

Kira Horenn

Kira Horenn
Director of Finance
Durango School District 9-R

DURANGO SCHOOL DISTRICT 9-R

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
 District: 1520 - Durango 9-R
 Fiscal Year 2021-22
 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	17,673,315	66,195,347	60,134,735	23,733,927
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	17,673,315	66,195,347	60,134,735	23,733,927
11 Charter School Fund	469,307	1,447,814	1,397,523	519,599
20,26-29 Special Revenue Fund	399,402	759,703	790,913	368,192
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	718,630	2,786,237	2,070,981	1,433,886
22 Govt Designated-Purpose Grants Fund	1	5,384,587	5,370,544	14,043
23 Pupil Activity Special Revenue Fund	228,283	1,592,671	1,426,119	394,835
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	14,998,509	7,811,973	8,963,225	13,847,256
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	112,691,922	-1,014,223	12,334,782	99,342,917
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	2,658,772	6,806,818	1,139,309	8,326,282
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	149,838,141	91,770,926	93,628,130	147,980,937
Proprietary				
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	1,128,004	1,159,510	225,537	2,061,977
Totals	1,128,004	1,159,510	225,537	2,061,977
Fiduciary				
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
Totals	0	0	0	0

FINAL