SALIDA SCHOOL DISTRICT NUMBER R-32-J

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2022

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Salida School District Number R-32-J

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Salida School District Number R-32-J, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Salida School District Number R-32-J's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Salida School District Number R-32-J, as of June 30, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Salida School District Number R-32-J 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, Salida School District Number R-32-J implemented GASB Statement No. 87, Leases effective July 1, 2021. Our opinion is not modified with respect to this matter.

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 Salida School District Number R-32-J'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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Salida School District Number R-32-J'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 Salida School District Number R-32-J's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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 Salida School District Number R-32-J's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and the 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 and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of the Salida School District Number R-32-J'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 Salida School District Number R-32-J'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 Salida School District Number R-32-J's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
November 7, 2022

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2022

As management of Salida School District R-32-J (the "District") we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of District for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

For the year ended June 30, 2022 the General Fund's fund balance increased by $1,347,079.

The General Fund operations of the District are funded primarily by tax revenue received under the State School Finance Act (the Act) in the amount of $8,844,627 and total revenue for the year was $16,489,065.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The governmental activities of the District include instruction and support services of the District.

The statement of activities presents information showing how the District's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of yearend).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Government-wide Financial Analysis

For the year ended June 30, 2022 the District's net position is $13,447,197. The negative unrestricted net position of ($16,078,414) is due primarily to the adoption of GASB Statement No. 68, resulting from a net pension liability of $17,442,392, representing the District's proportionate share of PERA's net pension liability. The District's net investment in capital assets is $25,833,457. In addition, $14,100 is restricted for Colorado Preschool and Salida Head Start; $2,002,189 is restricted for debt service; $745,313 is restricted for Capital Renewal; $404,552 is restricted for multi-year obligations; and $526,000 is restricted for emergencies under TABOR.

Statement of Net Position

	GOVERNMENTAL ACTIVITIES	
	2020-2021	2021-2022
ASSETS		
Current Assets	$ 10,179,889	$ 12,876,539
Capital Assets, Net of Accumulated Depreciation	44,493,029	45,743,207
TOTAL ASSETS	54,672,918	58,619,746
DEFERRED OUTFLOWS OF RESOURSES	13,448,202	8,116,461
LIABILITIES		
Current Liabilities	1,118,441	1,106,992
Noncurrent Liabilities	49,669,561	38,808,771
TOTAL LIABILITIES	50,788,002	39,915,763
DEFERRED INFLOWS OF RESOURSES	11,714,529	13,373,388
NET POSITION		
Net Investment in Capital Assets	25,548,076	25,833,457
Restricted	3,648,313	3,692,154
Unrestricted	-28,557,800	-16,078,555
TOTAL NET POSITION	**$ 5,618,589**	**$ 13,447,056**

Governmental activities increased the District's net position by $7,828,467, primarily due to PERA pension related items.

	GOVERNMENTAL ACTIVITIES	
	2020-2021	2021-2022
Program revenues:		
Charges for service	$ 109,671	$ 133,948
Operating grants & contributions	5,029,840	4,193,179
Capital Grants & contributions	0	0
General revenues:		
Property Taxes	8,363,433	9,735,157
Specific ownership taxes	1,070,860	1,092,522
State equalization	5,409,418	5,481,360
Grants & Contributions not Restricted to Spec. Program	28,855	44,299
Other revenues	861,256	1,415,900
Earnings on Investments	5,494	39,732
TOTAL REVENUES	20,878,827	22,136,097
Expenses:		
Instruction	6,635,589	5,759,961
Supporting Services	7,655,080	6,945,556
Food Service	646,970	730,176
Interest and Fiscal Charges	979,769	871,937
TOTAL EXPENSES	15,917,408	14,307,630
CHANGE IN NET POSITION	4,961,419	7,828,467
NET POSITION, Beginning	289,212	5,618,589
Prior Period Adjustment	367,958	0
NET POSITION, Ending	**$ 5,618,589**	**$ 13,447,056**

Financial Analysis of the District's Funds

Governmental funds. The focus of 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.

As of the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of $10,701,449: General Fund $6,512,445; Bond Redemption Fund $2,002,189; and Other

Governmental Funds $2,166,815. The increase in the General Fund Fund balance is related to the increase in Property taxes from Last Fiscal year in the amount of $1,478,927 and COVID revenues.

General Fund Budgetary Highlights

General Fund revenues budgeted was $15,858,120 and actual revenues were $16,489,065. The District budgeted for General Fund expenditures of $15,461,090, for the year ended June 30, 2022. Actual expenditures were $17,194,486. The differences between the original and final budgets were to adjust for the changes in total instructional costs net of reserves and an increase to COVID revenues. The District ended the year with an increase in the fund balance of $1,347,079.

Capital Assets

For the year ended June 30, 2022, the District's significant capital asset activity included purchasing 627 Oak Street and a vehicle for maintenance. Please see Note 5 in the financial statement for more information.

Long-Term Debt

As of June 30, 2022, the District had total long-term debt of $20,054,667 an increase of $870,396 from the previous year. Please see Note 7 in the financial statement for more information.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the District is student enrollment and growth in the District. This factor was considered in preparing the District's budget for fiscal year 2021-2022.

Requests for Information

The 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 information should be addressed to:

Salida School District R-32-J, 627 Oak Street, Salida, CO 81201.

BASIC FINANCIAL STATEMENTS

SALIDA SCHOOL DISTRICT NUMBER R-32-J
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	$ 10,905,215
Cash with County Treasurer	185,709
Taxes receivable	488,305
Intergovernmental receivables	385,892
Lease receivables	872,775
Other receivables	28,544
Inventories and prepaid expenses	10,099
Capital assets, not being depreciated	2,355,101
Capital assets, net of accumulated depreciation/amortization	43,388,106
Total assets	58,619,746
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	147,879
Deferred pension outflows	7,698,585
Deferred OPEB outflows	269,997
Total deferred outflows of resources	8,116,461
LIABILITIES	
Accounts payable and other current liabilities	49,463
Accrued salaries and benefits	917,301
Unearned revenue	90,938
Accrued interest	49,290
Long-term liabilities	
Due within one year	1,640,321
Due in more than one year	18,882,189
Net pension liability	17,442,392
Net OPEB liability	843,869
Total liabilities	39,915,763
DEFERRED INFLOWS OF RESOURCES	
Lease related	872,775
Deferred pension inflows	12,065,448
Deferred OPEB inflows	435,165
Total deferred inflows of resources	13,373,388
NET POSITION	
Net investment in capital assets	25,833,457
Restricted for:	
Emergency reserve (TABOR)	526,000
Multi-year obligations	404,552
Capital renewal	745,313
Debt service	2,002,189
Preschool	14,100
Unrestricted	(16,078,555)
Total net position	$ 13,447,056

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction	$ 5,759,961	$ 59,508	$ 4,154,817	$ -	$ (1,545,636)
Supporting services	6,945,556	56,500	(81,733)	-	(6,970,789)
Food service operations	730,176	17,940	120,095	-	(592,141)
Community services	297,491	-	-	-	(297,491)
Facilities acquisition	31,544	-	-	-	(31,544)
Interest on long-term debt	542,902	-	-	-	(542,902)
Total	$ 14,307,630	$ 133,948	$ 4,193,179	$ -	(9,980,503)
	General revenues:				
	Property taxes				9,735,157
	Specific ownership taxes				1,092,522
	State equalization				5,481,360
	Grants and contributions not restricted to specific programs				44,299
	Unrestricted investment earnings				39,732
	Miscellaneous				1,415,900
	Total general revenues				17,808,970
	Change in net position				7,828,467
	Net position - beginning				5,618,589
	Net position - ending				$ 13,447,056

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Governmental Designated-Purpose Grants Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 6,820,870	$ 22,886	$ 1,955,789	$ 1,313,923	$ 791,747	$ 10,905,215
Cash with County Treasurer	168,114	-	17,595	-	-	185,709
Taxes receivable	390,717	-	97,588	-	-	488,305
Intergovernmental receivables	-	280,792	-	-	69,606	350,398
Lease receivables	872,775					872,775
Other receivables	64,037	-	-	-	-	64,037
Due from other funds	123,673	-	-	-	-	123,673
Inventories and prepaids	-	-	-	-	10,099	10,099
Total assets	$ 8,440,186	$ 303,678	$ 2,070,972	$ 1,313,923	$ 871,452	$ 13,000,211
LIABILITIES						
Accounts payable and other current liabilities	$ 49,218	$ -	$ -	$ -	$ 245	$ 49,463
Accrued salaries and benefits	792,890	106,096	-	-	18,315	917,301
Due to other funds	-	123,673	-	-	-	123,673
Unearned revenue	17,029	73,909	-	-	-	90,938
Total liabilities	859,137	303,678	-	-	18,560	1,181,375
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	1,068,604	-	48,783	-	-	1,117,387
Lease related	0	-	-	-	-	-
Total deferred inflows of resources	1,068,604	-	48,783	-	-	1,117,387
FUND BALANCES						
Nonspendable for:						
Inventories and prepaid expenses	-	-	-	-	10,099	10,099
Restricted for:						
Emergency reserve (TABOR)	526,000	-	-	-	-	526,000
Multi-year obligations	404,552	-	-	-	-	404,552
Capital renewal	-	-	-	745,313	-	745,313
Debt service	-	-	2,022,189	-	-	2,022,189
Preschool	14,100	-	-	-	-	14,100
Committed for:						
Food service operations	-	-	-	-	145,031	145,031
Pupil Activities	-	-	-	-	426,081	426,081
Preschool activities	-	-	-	-	271,681	271,681
Capital projects	-	-	-	568,610	-	568,610
Unassigned	5,567,793	-	-	-	-	5,567,793
Total fund balances	6,512,445	-	2,022,189	1,313,923	852,892	10,701,449
Total liabilities, deferred inflows of resources, and fund balances	$ 8,440,186	$ 303,678	$ 2,070,972	$ 1,313,923	$ 871,452	$ 13,000,211

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

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

Total fund balance - governmental funds		$ 10,701,449
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	$ 2,355,101	
Capital assets, net of accumulated depreciation/amortization	43,388,106	45,743,207
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		244,613
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges on refunding	$ 147,879	
Net pension liabilities	(17,442,392)	
Pension outflows	7,698,585	
Pension inflows	(12,065,448)	
Net OPEB liabilities	(843,869)	
OPEB outflows	269,997	
OPEB inflows	(435,165)	
Accrued interest	(49,290)	
Compensated absences	(467,843)	
Leases payable	(62,450)	
Bonds payable	(19,992,217)	(43,242,213)
Net position of governmental activities in the statement of net position		$ 13,447,056

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Governmental Designated-Purpose Grants Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources	$ 9,575,240	$ 297,736	$ 1,963,314	$ 1,690	$ 899,140	$ 12,737,120
State sources	6,446,356	378,449	-	-	3,744	6,828,549
Federal sources	467,469	2,107,538	-	-	663,715	3,238,722
Total revenues	16,489,065	2,783,723	1,963,314	1,690	1,566,599	22,804,391
EXPENDITURES						
Instruction	8,066,691	941,928	-	28,036	791,479	9,828,134
Supporting services	6,251,207	1,505,027	-	-	6,123	7,762,357
Food service operations	43,676	39,032	-	-	664,047	746,755
Community services	-	297,736	-	-	-	297,736
Facilities acquisition and construction	2,689,754	-	-	7,861	-	2,697,615
Debt service	145,158	-	1,943,651	-	-	2,088,809
Total expenditures	17,196,486	2,783,723	1,943,651	35,897	1,461,649	23,421,406
Excess (deficiency) of revenues over expenditures	(707,421)	-	19,663	(34,207)	104,950	(617,015)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	270,500	100,000	370,500
Transfers out	(370,500)	-	-	-	-	(370,500)
Leases (as lessee)	2,425,000	-	-	-	-	2,425,000
Total other financing sources (uses)	2,054,500	-	-	270,500	100,000	2,425,000
Net change in fund balances	1,347,079	-	19,663	236,293	204,950	1,807,985
Fund balances - beginning	5,165,366	-	2,002,526	1,077,630	647,942	8,893,464
Fund balances - ending	$ 6,512,445	$ -	$ 2,022,189	$ 1,313,923	$ 852,892	$ 10,701,449

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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

Net change in fund balances - total governmental funds:		$ 1,807,985
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 2,595,986	
Depreciation/amortization	(1,424,388)	1,171,598
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		23,177
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal	$ 1,539,972	
Proceeds from bonds	(2,425,000)	(885,028)
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.		10,078
Certain pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Interest expense	$ 4,162	
Amortization of deferred on refunding	(12,859)	
Amortization of bond premium	14,632	
Changes in pension related items	5,621,060	
Changes in OPEB related items	73,662	5,700,657
Change in net position of governmental activities		$ 7,828,467

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Private-Purpose Trust Fund
ASSETS	
Cash and investments	$ 71,176
NET POSITION	
Held in trust for individuals	
Expendable	71,176
Total net position	$ 71,176

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

SALIDA SCHOOL DISTRICT NUMBER R-32-J
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE, 30 2022

	Private-Purpose Trust Fund
ADDITIONS	
Investment income	$ 606
Other local income	10,873
Total additions	11,479
DEDUCTIONS	
Scholarship awards	13,339
Change in net position	(1,860)
Net position - beginning	73,036
Net position - ending	$ 71,176

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Salida School District Number R-32-J (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

Salida School District Number R-32-J (the District) of Chaffee County and western Fremont County was organized by a vote of qualified electorate in 1958, under the provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with seven members and provides educational services to approximately 1,360 students.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

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 and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The *Designated Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

The *Bond Redemption Fund* accounts for the accumulation of resources for and the payment of principal, interest and related expenses on long-term general obligation debt.

*Capital Projects Fund*s account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

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

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for the Districts food service program. This fund is required to account for USDA school breakfast and lunch money received by the District.

The *Student Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities. The fund receives subsidies from the General Fund.

The *Preschool Fund* is used to account for locally funded preschool activities.

*Capital Projects Fund*s account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

The *Building Fund* is used to account for all resources available for acquiring capital sites, buildings, and equipment.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has one fiduciary fund:

The *Private Purpose Trust Fund* is used to report any trust arrangement under which the principal and/or income benefit students and the funds are not used as part of the operations of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, interest, and charges for services 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. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

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

Inventories and prepaid items

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than $50,000 are reported as capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	7-50 years
Land improvements	15-25 years
Equipment	5-20 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

Leases

<u>Lessee</u>: The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $50,000 or more.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The District is a lessor for a noncancellable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the 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.

Pensions

Salida School District Number R-32-J 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 Post Employment Benefit (OPEB) Plan

Salida School District Number R-32-J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt 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 are included in this component of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2022 is 22.557 mills for general operating expenses and 5.634 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2022 is $346,115,688. Taxes are assessed on $346,115,688 which is the assessed valuation net of tax increment financing.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

Employees of the district are entitled to certain compensated absences based on their length of employment. An employee that leaves the district with a minimum of six years of service will be reimbursed for unused sick leave at rates based on length of employment. An employee with a minimum of one year of service will be reimbursed for any unused vacation time at their current pay rate. Accumulated compensated absences are reimbursed upon termination of employment.

The current portion of this liability represents the amounts that would be liquidated with expendable available financial resources and would be recorded in the General Fund.

F. ESTIMATES

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

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based informational technology arrangements (SBITAs). Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset and a corresponding liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management has not yet determined the effect this statement will have on the District's financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in 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 as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations in the General Fund by $1,735,396. These over-expenditures were funded by greater than anticipated revenues.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2022 is as follows:

Deposits	$ 2,683,767
Investments	8,221,448
Total	$ 10,905,215

Deposits and investments are reported in the financial statements as follows:

Cash and investments	$ 10,905,215
Total	$ 10,905,215

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state 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 market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District's deposits at June 30, 2022 was $2,683,767 and the bank balances were $2,839,351. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The District is authorized by Colorado statutes to invest in 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;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2022 the District's investment balances were as follows:

Investment Type		Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
CSAFE	$	8,221,448	Net asset value	Less than 90 days	AAAm

Local Government Investment Pools. The Colorado Surplus Asset Fund Trust (CSAFE) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to $1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District's investments are in CSAFE. These investments are 100.0% of the District's total investments.

Fair value of investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District's pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2022, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 123,673	$ -
Governmental Designated Purpose Grants Fund	-	123,673
Total	$ 123,673	$ 123,673

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ -	$ 370,500
Capital Projects Fund	270,500	-
Nonmajor Funds	100,000	-
Total	$ 370,500	$ 370,500

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 776,030	$ 1,385,000	$ -	$ 2,161,030
Construction in progress	36,110	157,961	-	194,071
Total capital assets not being depreciated	812,140	1,542,961	-	2,355,101
Capital assets being depreciated:				
Buildings and improvements	55,989,469	1,040,000	-	57,029,469
Land improvements	687,359	-	-	687,359
Transportation equipment	1,314,019	13,025	-	1,327,044
Other equipment	1,138,855	-	-	1,138,855
Total capital assets being depreciated	59,129,702	1,053,025	-	60,182,727
Less accumulated depreciation for:				
Buildings and improvements	(13,676,485)	(1,224,408)	-	(14,900,893)
Land improvements	(319,496)	(75,673)	-	(395,169)
Transportation equipment	(608,585)	(72,643)	-	(681,228)
Other equipment	(844,247)	(35,948)	-	(880,195)
Total accumulated depreciation	(15,448,813)	(1,408,672)	-	(16,857,485)
Total capital assets being depreciated, net	43,680,889	(355,647)	-	43,325,242
Lease assets being amortized:				
Other equipment	78,580	-	-	78,580
Total lease assets being amortized	78,580	-	-	78,580
Less accumulated amortization for:				
Other equipment	-	(15,716)	-	(15,716)
Total accumulated amortization	-	(15,716)	-	(15,716)
Total lease assets being amortized, net	78,580	(15,716)	-	62,864
Capital assets, net of accumulated depreciation/amortization	43,759,469	(371,363)	-	43,388,106
Total governmental activities capital assets	$ 44,571,609	$ 1,171,598	$ -	$ 45,743,207

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	$ 5,188
Supporting services	1,414,750
Food services	4,450
Total depreciation/amortization expense	$ 1,424,388

NOTE 6 – LEASES

District as lessee

The District, as a lessee, has entered into lease agreements involving equipment with lease terms of five years. The total costs of these right-to-use lease assets are recorded as $78,580, less accumulated amortization of $15,716. The District has determined that as of June 30, 2022, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2022 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 16,514	$ 1,486	$ 18,000
2024	16,907	1,093	18,000
2025	17,309	691	18,000
2026	11,720	280	12,000
Total	$ 62,450	$ 3,550	$ 66,000

District as lessor

The District, as a lessor, has entered into lease agreements with a third party involving buildings. The lease is for 6 years and the District will receive monthly payments of $15,120. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was $150,444. As of June 30, 2022, the District receivable for lease payments was $872,775. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $872,775.

NOTE 7 – LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General Obligation bonds outstanding at June 30, 2022 are as follows:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
Governmental Activities				
G.O. Bonds 2012	9,590,000	2.00% - 4.00%	2033	$ 4,750,000
G.O. Refunding bonds 2020	2,980,000	1.9%	2034	2,950,000
Total				$ 7,700,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2023	$ 560,000	$ 175,700
2024	580,000	154,661
2025	600,000	140,105
2026	615,000	125,132
2027	630,000	109,782
2028 – 2032	3,390,000	302,154
2033 –2037	1,325,000	22,598
Total	$ 7,700,000	$ 1,030,132

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Certificate of Participation

Certificates of participation (COPs) are lease-financing agreements used by the District to provide funds for the acquisition and construction of major capital facilities. Under such agreements, the District makes regular payments over an annually renewable contract for the acquisition and use of the property. COPs have been issued for governmental activities. COPs are not considered general obligations of the District. COPs are secured by lease revenues through a lease-financing agreement.

Certificates of participation outstanding at June 30, 2022 are as follows:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
Governmental Activities				
Certificates of Participation 2010	$ 17,961,801	4.082%	2030	$ 9,845,475
Certificates of Participation 2021	2,425,000	2.38%	2037	2,337,001
Total				$ 12,182,476

Annual debt service requirements to maturity for certificates of participation are as follows:

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2023	$ 1,063,807	$ 437,105
2024	1,104,943	395,197
2025	1,147,703	351,633
2026	1,192,151	306,348
2027	1,238,357	259,273
2028 – 2032	5,622,325	549,483
2033 –2037	813,189	45,129
Total	$ 12,182,476	$ 2,344,168

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2022, are as follows:

	Beginning Balance, As Restated	Additions	Deductions	Ending Balance	Amount Due Within One year
Governmental Activities					
General obligation bonds	$ 8,245,000	$ -	$ (545,000)	$ 7,700,000	$ 560,000
Bond premiums	124,373	-	(14,632)	109,741	-
Total bonds payable	8,369,373	-	(559,632)	7,809,741	560,000
COP's	10,736,318	2,245,000	(978,842)	12,182,476	1,063,807
Leases	78,580	-	(16,130)	62,450	16,514
Compensated absences	477,921	62,408	(72,486)	467,843	-
Net pension liability	29,031,649	4,955,630	(16,544,887)	17,442,392	-
Net OPEB liability	1,054,300	64,042	(274,473)	843,869	-
Total Governmental Activities	$ 49,748,141	$ 7,507,080	$ (18,446,450)	$ 38,808,771	$ 1,640,321

General obligation bonds are liquidated in the debt service fund. Leases are liquidated in the general fund. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Salida School District Number R-32-J 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.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2022: Eligible employees of, Salida School District Number R-32-J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 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 Salida School District Number R-32-J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Salida School District Number R-32-J were $1,937,855 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 Schools Division Trust Fund. 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 Salida School District Number R-32-J proportion of the net pension liability was based on Salida School District Number R-32-J 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.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2022, the Salida School District Number R-32-J reported a liability of $17,442,392 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Salida School District Number R-32-J 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 Salida School District Number R-32-J were as follows:

Salida School District Number R-32-J proportionate share of the net pension liability	$ 17,442,392
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Salida School District Number R-32-J	1,999,547
Total	$ 19,441,939

At December 31, 2021, the Salida School District Number R-32-J proportion was 0.1498826451%, which was a decrease of 0.0421512294% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Salida School District Number R-32-J recognized pension expense of $(5,621,060) and revenue of $(477,991) for support from the State as a nonemployer contributing entity. At June 30, 2022, the Salida School District Number R-32-J 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	$ 667,765	$ -
Changes of assumptions or other inputs	1,331,596	-
Net difference between projected and actual earnings on pension plan investments	-	6,557,818
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,654,864	5,507,630
Contributions subsequent to the measurement date	1,044,360	N/A
Total	$ 7,698,585	$ 12,065,448

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

$1,044,360 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:

Year ended June 30:	
2023	$ 204,560
2024	(2,493,253)
2025	(2,326,551)
2026	(795,979)
2027	-
Thereafter	-

Actuarial assumptions. The TPL 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 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.

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 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.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in 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.

- 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 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.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

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

Sensitivity of the Salida School District Number R-32-J *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 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 25,673,774	$ 17,442,392	$ 10,573,611

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

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Salida School District Number R-32-J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Salida School District Number R-32-J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Salida School District Number R-32-J were $99,427 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 Salida School District Number R-32-J reported a liability of $843,869 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 Salida School District Number R-32-J proportion of the net OPEB liability was based on Salida School District Number R-32-J 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 Salida School District Number R-32-J proportion was 0.0978620308%, which was a decrease of 0.0130906867% from its proportion measured as of December 31, 2020.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2022, the Salida School District Number R-32-J recognized OPEB expense of $(73,662). At June 30, 2022, the Salida School District Number R-32-J 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	$ 1,286	$ 200,092
Changes of assumptions or other inputs	17,471	45,775
Net difference between projected and actual earnings on OPEB plan investments	-	52,236
Changes in proportion and differences between contributions recognized and proportionate share of contributions	197,656	137,062
Contributions subsequent to the measurement date	53,584	N/A
Total	$ 269,997	$ 435,165

$53,584 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:

Year ended June 30:	
2023	$ (48,281)
2024	(55,261)
2025	(50,404)
2026	(27,550)
2027	(31,432)
Thereafter	(5,824)

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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:

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

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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.
- 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.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Sensitivity of the Salida School District Number R-32-J proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare 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	$ 819,636	$ 843,869	$ 871,942

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 years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Salida School District Number R-32-J *proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 980,066	$ 843,869	$ 727,534

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

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; general liability; unemployment; and employee benefit expenses related to health programs. The District provides for these risks through the purchase of commercial insurance in the General Fund. Settled claims resulting from these risks have not exceeded the insurance coverage during any of the last three fiscal years.

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

The District in conjunction with other surrounding districts, created the Mountain Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The District does not have an ongoing financial interest in or responsibility for the BOCES. The Financial Statements can be obtained from office located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2022, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Capital Renewal Reserve

The District was awarded two Building Excellent Schools Today (BEST) grants from the state of Colorado to construct and improve school buildings. In accordance with the related state statutes, the District is required to establish a capital renewal reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. At a minimum, the District must contribute \$100 per pupil in the impacted facilities annually to the capital renewal reserve. At June 30, 2022, the reserve was reported as restricted fund balance in the Capital Reserve Fund, in the amount of \$745,313.

NOTE 13 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments, including school districts.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2022 there is a \$526,000 reservation of fund balance in the General Fund for the amendment.

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

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 14 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

NOTE 15 – ADOPTION OF NEW ACCOUNTING STANDARDS

Salida School District Number R-32-J implemented GASB Statement No. 87, *Leases,* effective July 1, 2021. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. There is no effect on fund balance or net position as a result of the implementation of this standard. However, beginning lease assets and lease liabilities were restated by $78,580 to reflect the net present value of financing leases as of June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.1498826451%	0.1920338745%	0.1444552620%	0.1424771094%	0.1478421045%	0.1504065926%	0.1554713240%	0.1560696455%	0.1600700181%
District's proportionate share of the net pension liability (asset)	$ 17,442,392	$ 29,031,649	$ 21,581,303	$ 25,228,499	$ 47,806,882	$ 44,781,859	$ 23,778,241	$ 21,152,679	$ 20,416,888
State's proportionate share of the net pension liability (asset) associated with the School	1,999,547	-	2,737,313	3,449,647	-	-	-	-	-
Total	$ 19,441,939	$ 29,031,649	$ 24,318,616	$ 28,678,146	$ 47,806,882	$ 44,781,859	$ 23,778,241	$ 21,152,679	$ 20,416,888
District's covered payroll	$ 9,367,193	$ 10,270,240	$ 8,487,585	$ 7,736,800	$ 6,819,674	$ 6,750,516	$ 6,775,403	$ 6,538,195	$ 6,452,933
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	186.21%	282.68%	254.27%	326.08%	701.01%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,937,855	$ 2,066,107	$ 1,762,718	$ 1,556,310	$ 1,331,472	$ 1,244,517	$ 1,193,136	$ 1,138,738	$ 1,030,687
Contributions in relation to the contractually required contribution	(1,937,855)	(2,066,107)	(1,762,718)	(1,556,310)	(1,331,472)	(1,244,517)	(1,193,136)	(1,138,738)	(1,030,687)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,747,762	$ 10,392,895	$ 9,095,339	$ 8,037,025	$ 7,048,875	$ 6,769,979	$ 6,727,654	$ 6,741,745	$ 6,448,488
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.36%	18.89%	18.38%	17.73%	16.89%	15.98%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2022

	2021	**2020**	**2019**	**2018**	**2017**
District's proportion of the net OPEB liability (asset)	0.0978620308%	0.1109527175%	0.0943947886%	0.0926109159%	0.0840019896%
District's proportionate share of the net OPEB liability (asset)	$ 843,869	$ 1,054,300	$ 1,060,996	$ 1,260,010	$ 1,091,690
District's covered payroll	$ 9,367,193	$ 10,270,240	$ 8,487,585	$ 7,736,800	$ 6,819,674
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.01%	10.27%	12.50%	16.29%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	39.4%	32.8%	24.5%	17.0%	17.5%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2022

	2022	2021	2020	2019	2018
Contractually required contribution	$ 99,427	$ 106,008	$ 92,772	$ 82,981	$ 71,899
Contributions in relation to the contractually required contribution	(99,427)	(106,008)	(92,772)	(82,981)	(71,899)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,747,762	$ 10,392,895	$ 9,095,339	$ 8,037,025	$ 7,048,875
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.03%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund of the District.

Included in this presentation is the Colorado Preschool Sub-Fund of the General Fund. This fund allows the District to separate the accounting and maintain a self-balancing set of records specific to this activity.

The General Fund is deemed to be a major fund for financial reporting purposes.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources:				
Property taxes	$ 6,252,912	$ 7,807,332	$ 7,760,253	$ (47,079)
Specific ownership taxes	900,000	900,000	1,084,374	184,374
Other local sources	416,203	606,596	730,613	124,017
Total local sources	7,569,115	9,313,928	9,575,240	261,312
State sources:				
State equalization	6,137,472	5,351,547	5,481,360	129,813
Other state funding	407,556	742,386	964,997	222,611
Total state sources	6,545,028	6,093,933	6,446,357	352,424
Federal sources	1,549,616	450,259	467,469	17,210
Total revenues	15,663,759	15,858,120	16,489,066	630,946
EXPENDITURES				
Instruction	7,919,846	8,526,644	8,066,691	459,953
Supporting services:				
Student services	749,588	833,331	608,985	224,346
Instructional staff	569,399	772,958	726,762	46,196
General administration	792,464	838,532	773,398	65,134
School administration	937,418	978,547	890,603	87,944
Business services	448,563	461,087	443,054	18,033
Operation and maintenance	1,531,472	1,626,784	1,621,590	5,194
Student transportation	399,531	453,810	504,180	(50,370)
Central services	787,249	567,661	484,869	82,792
Other support services	118,022	153,058	197,766	(44,708)
Other uses	60,808	-	-	-
Food service operations	60,353	52,663	43,676	8,987
Facilities acquisition and construction	-	2,464,000	2,689,754	(225,754)
Debt service	-	127,158	145,158	(18,000)
Appropriated reserves	(65,136)	29,857	-	29,857
Total expenditures	14,309,577	17,886,090	17,196,486	689,604
Excess (deficiency) of revenues over expenditures	1,354,182	(2,027,970)	(707,420)	1,320,550
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(574,618)	(554,796)	(370,500)	184,296
Capital financing	-	-	2,425,000	2,425,000
Total other financing sources (uses)	(574,618)	(554,796)	2,054,500	2,609,296
Net change in fund balance	779,564	(2,582,766)	1,347,080	3,929,846
Fund balance - beginning	2,997,864	5,195,223	5,165,366	(29,857)
Fund balance - ending	$ 3,777,428	$ 2,612,457	$ 6,512,446	$ 3,899,989

See the accompanying independent auditors' report.

GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND

This fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

For financial reporting purposes, the Governmental Designated-Purpose Grants Fund was determined to be a major fund of the District for the current fiscal year.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ -	$ -	$ 297,736	$ 297,736
State sources	373,539	373,539	378,449	4,910
Federal sources	2,861,555	2,861,555	2,107,538	(754,017)
Total revenues	3,235,094	3,235,094	2,783,723	(451,371)
EXPENDITURES				
Instruction	1,094,658	1,094,658	941,928	152,730
Supporting services:				
Student services	650,312	650,312	559,578	90,734
Instructional staff	644,926	644,926	554,944	89,982
General administration	23,661	23,661	20,360	3,301
School administration	189,810	189,810	163,327	26,483
Business services	104,647	104,647	90,046	14,601
Operation and maintenance	50,223	50,223	43,216	7,007
Central services	85,483	85,483	73,556	11,927
Food service operations	45,361	45,361	39,032	6,329
Community services	346,013	346,013	297,736	48,277
Total expenditures	3,235,094	3,235,094	2,783,723	451,371
Net change in fund balance	-	-	-	-
Fund balance - beginning	196,614	-	-	-
Fund balance - ending	$ 196,614	$ -	$ -	$ -

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BOND REDEMPTION FUND

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Property taxes	$ 1,950,000	$ 1,951,728	$ 1,728
Specific ownership taxes	-	8,148	8,148
Other local sources	1,500	3,438	1,938
Total revenues	1,951,500	1,963,314	11,814
EXPENDITURES			
Debt service	1,943,651	1,943,651	-
Appropriated reserves	2,010,375	-	2,010,375
Total expenditures	3,954,026	1,943,651	2,010,375
Net change in fund balance	(2,002,526)	19,663	2,022,189
Fund balance - beginning	2,002,526	2,002,526	-
Fund balance - ending	$ -	$ 2,022,189	$ 2,022,189

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for significant capital expenditures of the District.

The Capital Projects Fund is deemed to be a major fund for financial reporting purposes.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	$ 1,800	$ 1,690	$ (1,297)
EXPENDITURES			
Instruction	50,000	28,036	21,964
Facilities acquisition and construction	619,000	7,861	611,139
Appropriated reserves	1,226,830	-	1,226,830
Total expenditures	1,895,830	35,897	1,859,933
Excess (deficiency) of revenues over expenditures	(1,894,030)	(34,207)	1,858,636
OTHER FINANCING SOURCES (USES)			
Transfers in	816,400	270,500	(545,900)
Net change in fund balance	(1,077,630)	236,293	1,312,736
Fund balance - beginning	1,077,630	1,077,630	-
Fund balance - ending	$ -	$ 1,313,923	$ 1,312,736

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. These funds may be required by statute or ordinance and others may be established through resolutions by the Board of Education for purposes of better administration. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Student Activity Fund

This fund accounts for the transactions of student organizations and clubs.

Preschool Fund

This fund accounts for locally funded preschool activities.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds			
	Food Service Fund	Student Activity Fund	Preschool Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 93,985	$ 426,081	$ 271,681	$ 791,747
Intergovernmental receivables	69,606	-	-	69,606
Inventories and prepaids	10,099	-	-	10,099
Total assets	$ 173,690	$ 426,081	$ 271,681	$ 871,452
LIABILITIES				
Accounts payable and other accrued liabilities	$ 245	$ -	$ -	$ 245
Accrued salaries and benefits	18,315	-	-	18,315
Total liabilities	18,560	-	-	18,560
FUND BALANCES				
Nonspendable	10,099	-	-	10,099
Committed for:				
Food service operations	145,031	-	-	145,031
Pupil activities	-	426,081	-	426,081
Preschool activities	-	-	271,681	271,681
Total fund balances	155,130	426,081	271,681	852,892
Total liabilities and fund balances	$ 173,690	$ 426,081	$ 271,681	$ 871,452

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Food Service Fund	**Student Activity Fund**	**Preschool Fund**	**Total Nonmajor Governmental Funds**
REVENUES				
Local sources	$ 40,537	$ 801,077	$ 57,526	$ 899,140
State sources	3,744	-	-	3,744
Federal sources	663,715	-	-	663,715
Total revenues	707,996	801,077	57,526	1,566,599
EXPENDITURES				
Instruction	-	791,479	-	791,479
Supporting services	-	2,836	3,287	6,123
Food service operations	664,047	-	-	664,047
Total expenditures	664,047	794,315	3,287	1,461,649
Excess (deficiency) of revenues over (under) expenditures	43,949	6,762	54,239	104,950
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	100,000	-	-	100,000
Net change in fund balances	143,949	6,762	54,239	204,950
Fund balances - beginning	11,181	419,319	217,442	647,942
Fund balances - ending	$ 155,130	$ 426,081	$ 271,681	$ 852,892

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	$ 29,420	$ 40,537	$ 11,117
State sources	3,744	3,744	-
Federal sources	689,306	663,715	(25,591)
Total revenues	722,470	707,996	(14,474)
EXPENDITURES			
Food service operations	669,594	664,047	5,547
Appropriated reserves	64,057	-	64,057
Total expenditures	733,651	664,047	69,604
Excess (deficiency) of revenues over expenditures	(11,181)	43,949	55,130
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	100,000	100,000
Net change in fund balance	(11,181)	143,949	155,130
Fund balance - beginning	11,181	11,181	-
Fund balance - ending	$ -	$ 155,130	$ 155,130

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
STUDENT ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	$ 789,000	$ 801,077	$ 12,077
EXPENDITURES			
Instruction	779,000	791,479	(12,479)
Supporting services	10,000	2,836	7,164
Appropriated reserves	419,319	-	419,319
Total expenditures	1,208,319	794,315	414,004
Net change in fund balance	(419,319)	6,762	426,081
Fund balance - beginning	419,319	419,319	-
Fund balance - ending	$ -	$ 426,081	$ 426,081

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
PRESCHOOL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	$ 48,350	$ 57,526	$ 9,176
EXPENDITURES			
Supporting services	16,729	3,287	13,442
Appropriated reserves	249,063	-	249,063
Total expenditures	265,792	3,287	262,505
Net change in fund balance	(217,442)	54,239	271,681
Fund balance - beginning	217,442	217,442	-
Fund balance - ending	$ -	$ 271,681	$ 271,681

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity. The District has the following Fiduciary Fund:

Private-Purpose Trust Scholarship Fund

This fund was created to account for scholarships.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Investment income	$ 575	$ 606	$ 31
Other local income	8,000	10,873	2,873
Total additions	8,575	11,479	2,904
DEDUCTIONS			
Scholarship awards	13,339	13,339	-
Appropriated reserves	68,272	-	68,272
Total deductions	81,611	13,339	-
Change in net position	(73,036)	(1,860)	71,176
Net position - beginning	73,036	73,036	-
Net position - ending	$ -	$ 71,176	$ 71,176

See the accompanying independent auditors' report.

SINGLE AUDIT

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed Through Colorado Department of Education					
School Breakfast Program	10.553		5553	$ -	$ 106,558
National School Lunch Program	10.555		4555,5555,6555		440,387
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grants	10.649	COVID-19	4649		614
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		39,777
Total Child Nutrition Cluster					587,336
Passed Through Colorado Department of Public Health & Environment					
Child and Adult Care Food Program	10.558		4558		76,379
Total U.S. Department of Agriculture					663,715
National Endowment for the Humanities					
Passed Through Colorado Department of Education					
Grants to State	45.310		7310		3,979
U.S. Department of Education					
Passed Through Colorado Department of Education					
No Child Left Behind, Title I, Part A	84.010		4010, 5010		285,897
Quality Teacher, Title II, Part A	84.367		4367		28,493
Student Support and Academic Enrichment Program	84.424		4424		11,869
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4414,9414		304,692
ESSER II	84.425D	COVID-19	4420		79,185
ESSER I	84.425D	COVID-19	5525		171
Total U.S. Department of Education					710,307
U.S. Department of Health and Human Services					
Direct Programs					
Head Start	93.600				1,378,356
Child Care and Development Block Grant	93.575		7575		18,572
Total U.S. Department of Health and Human Services					1,396,928
Total Federal Awards				$ -	$ 2,774,929

See the accompanying independent auditors' report.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Salida School District Number R-32-J 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 Salida School District Number R-32-J, it is not intended to and does not present the financial position, changes in net position, or cash flows of Salida School District Number R-32-J.

NOTE 2 – 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Salida School District Number R-32-J has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2022, Salida School District Number R-32-J received $39,777 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Education
Salida School District Number R-32-J

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salida School District Number R-32-J, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Salida School District Number R-32-J's basic financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salida School District Number R-32-J'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 Salida School District Number R-32-J's internal control. Accordingly, we do not express an opinion on the effectiveness of Salida School District Number R-32-J'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salida School District Number R-32-J'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 or other matters that are required to be reported under *Government Auditing Standards*.

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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 7, 2022

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
Salida School District Number R-32-J

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Salida School District Number R-32-J's 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 Salida School District Number R-32-J's major federal programs for the year ended June 30, 2022. Salida School District Number R-32-J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Salida School District Number R-32-J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Salida School District Number R-32-J 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 Salida School District Number R-32-J'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 Salida School District Number R-32-J's federal programs.

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Auditor's 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 Salida School District Number R-32-J'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 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 Salida School District Number R-32-J'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 Salida School District Number R-32-J'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 Salida School District Number R-32-J'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 Salida School District Number R-32-J'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.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 7, 2022

SALIDA SCHOOL DISTRICT NUMBER R-32-J
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?	___ yes _x_ 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?	___ yes _x_ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
CFDA 93.600	Head Start
CFDA 84.425U&D	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs?	$750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

SALIDA SCHOOL DISTRICT NUMBER R-32-J
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Salida School District Number R-32-J Schedule of Findings and Questioned Costs for the year ended June 30, 2021. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2022 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.

STATE COMPLIANCE

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT

To the Board of Education
Salida School District Number R-32-J

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Salida School District Number R-32-J, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Salida School District Number R-32-J's basic financial statements as listed in the table of contents. Our report thereon, dated November 7, 2022, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salida School District Number R-32-J's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is 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 *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 7, 2022

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Colorado Department of Education

Auditors Integrity Report

District: 0500 - Salida R-32
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	5,135,509	18,189,585	16,826,749	6,498,345
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	29,857	353,980	369,737	14,100
	Sub- Total	5,165,366	18,543,565	17,196,486	6,512,445
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	217,442	57,526	3,286	271,681
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	11,180	807,996	664,047	155,130
22	Govt Designated-Purpose Grants Fund	0	2,783,723	2,783,723	0
23	Pupil Activity Special Revenue Fund	419,319	801,077	794,315	426,081
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	2,002,526	1,963,314	1,943,651	2,022,189
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	0	0	0
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	1,077,630	272,190	35,897	1,313,922
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	8,893,463	25,229,390	23,421,405	10,701,449
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	0	0	0	0
	Totals	0	0	0	0
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	73,036	11,479	13,340	71,176
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	73,036	11,479	13,340	71,176

FINAL