

**ARCHULETA SCHOOL DISTRICT 50 JT  
PAGOSA SPRINGS, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2023**



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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
Archuleta School District 50 JT  
Pagosa Springs, Colorado

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Archuleta School District 50 JT (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial schedules, the Colorado School District's Auditor's Integrity Report, 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 schedules, the Colorado School District's Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wall, Smith, Bateman Inc*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 8, 2024

# ARCHULETA SCHOOL DISTRICT 50 JT. MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Archuleta School District 50 JT's annual financial report presents the school district management team's discussion and analysis of the District's financial performance during the fiscal year, which ended June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The General Fund experienced a \$196,059 surplus in FY2023. This reversed the district's one year of deficit spending that followed four consecutive years of surplus for the District. The FY2022 deficit was largely caused by a \$1,585,440 transfer to the Capital Reserve Project Fund to pay for necessary building repairs including \$648,342 to replace the High School boilers.
- The General Fund recorded a \$9,589,772 Fund Balance as of June 30, 2023. This amount is 49.4% of the District's total General Fund expenditures and transfers for Fiscal Year 2023, an increase of 0.10% compared to the previous year.
- When considering all Governmental Funds (General Fund, Food Service Fund, Designated Grants Fund, Student Activity Fund, and Capital Reserve Project Fund, but excluding the Fiduciary Fund) the district recorded a \$10,471,984 Fund Balance as of June 30, 2023, a decrease of \$115,704 or 1.09% compared to the previous year.
- The District had long-term debt at June 30, 2023, of \$909,095 including Finance Purchase Agreements and Accrued Compensated Absences. This is \$100,856 less than the District's long-term debt at June 30, 2022. The District's General Obligation Bond was paid off in December 2020.
- Despite Amendment 23, the State of Colorado continues to implement the Budget Stabilization Factor to balance the State's budget. With \$626,570 withheld in FY2023 (\$347,874 less than FY2022) the total withheld from the district to-date equals \$18,320,212. Looking forward, the Budget Stabilization factor will reduce in FY2024 to less than half of the FY 2023 amount, and it is proposed to reduce to \$0 in FY2025.
- The District's total combined net position as of June 30, 2023, was \$3,675,810, a reduction of \$826,346. This net position is a result of the implementation of the Governmental Accounting Standards Board (GASB) Statements 68 and 75 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the state's net pension liability and the state's Health Care Trust Fund liability on the District's Statement of Net Position. Without the District's \$25,844,770 share of Colorado's pension liability and the \$880,833 share of the OPEB liability, the District's total combined net position as of June 30, 2023, would be \$30,401,413 compared to \$24,362,067 last year.
- In November 2018, the voters of the school district passed a \$1.7 million annual Mill Levy Override (MLO) to attract and retain high quality staff, to fund Full-Day Kindergarten, and to fund School Resource Officers in each of the three schools. Because the State started funding Full-Day Kindergarten for the 2019-20 school year, the School Board decided not to collect the Kindergarten MLO funding beginning in FY2020. As discussed in the Economic Factors and Future Budgets section of this MD&A found on page M6, in November 2023 the voters approved a continuation of the \$1,7 million MLO that does not sunset.
- During Fiscal Year 2022-23, the district spent \$2,925,712 (including PPOS allocations) in sixteen (16) federal grants and awards. This spending amount includes Food Service and Secure Rural School spending. The three COVID-19 related ESSER grants have \$1,239,862 remaining as of June 30, 2023. The ESSER1 grant ended in September 2022, ESSER2 ends in September 2023 but was completely spent by June 30, 2023, and ARP ESSER3 ends in September 2024.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts — *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- *Governmental funds* statements tell how general government services were financed in the short term as well as what remains for future spending. Governmental funds include the General, Food Service, Designated Grant, Student Activity, and Capital Reserve Project Funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Fiduciary funds include the Mooney and the Archuleta Scholarships in Escrow Private Purpose Trusts. Both of these accounts spend only the interest generated each year.

The financial statements also include *notes* that explain some of the information in the report and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

### District-wide Statements

The district-wide statements report information about the District as a whole, using accounting methods similar to those used by private companies. The statement of net position includes *all* of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *Net Position* and how they have changed. Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's Net Position are an indicator of whether its financial health is improving or deteriorating, respectively.

The Statement of Activities presents information reporting how the District's Net Position changed during the most recent year.

Both of these district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The district-wide financial statements include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum, staff development, health services, technology, maintenance, transportation and administration. Property taxes and grants finance most of these activities.

To assess the overall health of the District, consideration needs to be given to additional non-financial factors such as changes in the District's tax base, changes in student enrollment, and the condition of school buildings.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds — not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The District has the following kinds of funds:

**Governmental funds** — Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided at the bottom of the governmental funds statement, or on subsequent pages, that explain the relationship (or differences) between them.

**Fiduciary funds** – The District is the trustee, or *fiduciary*, for certain funds. It is responsible for other assets, which because of a trust arrangement, can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Because the District cannot use these assets to finance its operations, these activities are excluded from the District-wide financial statements

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As shown below, Tables 1 and 2 show the factors that contributed to the change in the District’s Net Position. In Table 1, the primary factor causing the decrease in Net Position was the decrease in Total Assets. In Table 2, the primary factor causing the decrease in Net Position was the decrease in Operating Grant revenues.

**Table 1, Changes in Net Assets**

	2022	2023
Current Assets	\$ 13,604,331	\$ 13,052,424
Noncurrent Assets	18,313,759	18,181,123
<b>Total Assets</b>	<b>31,918,090</b>	<b>31,233,547</b>
Deferred Outflows of Financial Resources	5,750,923	6,161,501
Current Liabilities	2,789,543	2,336,049
Noncurrent Liabilities	20,753,726	27,514,543
<b>Total Liabilities</b>	<b>23,543,269</b>	<b>29,850,592</b>
Deferred Inflows of Financial Resources	9,623,588	3,868,646
Net Position		
Net Investment in Capital Assets	17,732,558	17,710,683
Restricted Net Position	915,853	1,088,904
Unrestricted Net Position	(14,146,255)	(15,123,777)
<b>Total Net Position</b>	<b>\$ 4,502,156</b>	<b>\$ 3,675,810</b>

**Table 2, Condensed Statement of Activities**

	2022	2023
Program Revenues:		
Charges for Services	\$ 122,629	\$ 302,555
Operating Grants	5,836,406	5,032,893
Capital Grants	0	312,855
<b>Total Program Revenues</b>	<b>5,959,035</b>	<b>5,648,303</b>
General Revenues:		
Taxes	10,295,401	11,200,026
State Equalization (Not including PPOS)	5,534,651	5,747,764
Investment Income	31,619	258,112
Miscellaneous & Transfers	87,776	157,779
<b>Total General Revenues</b>	<b>15,949,447</b>	<b>17,363,681</b>
<b>Total Revenues</b>	<b>21,908,482</b>	<b>23,011,984</b>

Expenses		
Instruction	7,776,163	13,047,393
Supporting Services	7,459,975	10,767,449
Interest on Long-Term Debt	26,099	23,488
<b>Total Expenses</b>	<b>15,262,237</b>	<b>23,838,330</b>
<b>Change in Net Position</b>	<b>6,646,245</b>	<b>(826,346)</b>
<b>Net Position – Beginning</b>	<b>(2,144,089)</b>	<b>4,502,156</b>
<b>Net Position - Ending</b>	<b>\$ 4,502,156</b>	<b>\$ 3,675,810</b>

## GOVERNMENTAL ACTIVITIES (includes all funds except for Fiduciary Funds)

The District’s total revenues were \$23,549,457, an increase of \$1,303,849 or 5.86%. A significant portion of the District’s revenues come from local sources (52.26%) of which the majority comes from local property taxes. The next largest share of the district’s revenue (34.34%) comes from state sources including state equalization for both the District and for PPOS as well as state grants. The remaining 13.40% of revenue comes from Operating Grants (Federal and Private), and Intermediate Sources.

The District’s expenses are mainly related to instructing, caring for, feeding, and transporting students. The total cost of all programs and services was \$23,665,161, an increase of \$1,069,540 or 4.73%. Expenditures for instruction across all governmental activities were 52.44%, debt service was 0.57% and all other services were 46.99%.

### Statement of Revenues, Expenditures, Change in Fund Balance – All Governmental Funds (does not include Fiduciary Funds)

	2022	2023	Increase/(Decrease)
Revenues			
Local Sources	\$ 10,902,585	12,305,750	
Intermediate Sources	75,562	26,248	
State Sources	7,447,172	8,087,538	
Federal Sources	3,820,289	3,129,921	
<b>Total Revenue/Allocation</b>	<b>\$ 22,245,608</b>	<b>\$ 23,549,457</b>	<b>\$1,303,849</b>
Expenses			
Instruction	\$ 11,381,790	\$ 12,410,916	
Supporting Services, Other & Transfers	11,079,582	11,119,996	
Debt Service	134,249	134,249	
<b>Total Expense/Transfer</b>	<b>\$ 22,595,621</b>	<b>\$ 23,665,161</b>	<b>\$1,069,540</b>
<b>Change in Fund Balance</b>	<b>(350,013)</b>	<b>(115,704)</b>	
<b>Fund Balance – Beginning</b>	<b>10,937,701</b>	<b>10,587,688</b>	
<b>Fund Balance – Ending</b>	<b>\$ 10,587,688</b>	<b>\$ 10,471,984</b>	<b>(\$ 115,704)</b>

## FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

In the paragraphs below, each of the District’s Funds will be examined.

**General Fund** - The General Fund is the major operating fund of the District, providing most of the resources for the educational and support programs in the schools. Revenues of \$19,606,925 were comprised of approximately 60.7% local sources such as property and specific ownership taxes, 36.8% state equalization and grant money, and 2.5% other sources including intermediate sources and federal grants. Actual revenues received exceeded final budgeted revenue amounts by \$684,689.

Expenditures of \$18,981,891 and transfers to the Capital Project Fund of \$428,975 totaled \$19,410,866. Spending was distributed with roughly 76.2% being spent on salaries and benefits, 13.5% on services and utilities, and 10.3% on supplies, equipment, other expenses, and transfers. Actual expenditures were below budget amounts (excluding contingency reserves) by \$58,126. The fund experienced a surplus in the amount of \$196,059. This is the fifth surplus in the last six years. Reserves in the amount of \$9,589,772 (49.4% of expenditures plus transfers) are more than adequate to meet unforeseen district needs.

**Food Service Fund** - With total revenues of \$725,487 and expenses of \$763,741, the Food Service Fund purposefully had a deficit of \$38,254 in the 2022-23 Fiscal Year. This deficit was created as an attempt to reduce the fund balance to an amount that complies with limits found in federal statute. The Food Service Department’s fund balance as of June 30, 2023 was \$335,266.

**Designated Grant Fund** – The grant fund experienced Revenues and Expenses of \$3,058,211 in FY2023, a decrease of \$252,795 compared to the \$517,710 growth experienced in FY2022. This decline was expected as Federal COVID-related grants are ending. Unspent funds already received in the amount of \$74,070 were deferred to FY2024. The district’s grants were primarily used for instructional purposes (45.3%), for Pupil and Instructional Support Services (26.9%), for Operations and Maintenance of Plant Service and for Construction Projects (19.0%), and for other purposes (8.8%).

**Bond Redemption Fund** – The Bond Redemption Fund is no longer used as the previous Bond Issue was completely paid off in December 2020.

**Capital Reserve Project Fund** – In the past, revenue for this fund was based on pupil count. The district now funds the Capital Reserve Project Fund with a transfer from the General Fund based on the need for repairs to buildings. In FY2023 the fund had a transfer from the General Fund of \$428,975. Expenditures in the fund for the fiscal year totaled \$724,864. At June 30, 2023, the Fund Balance was \$399,723, which was budgeted to fund FY2024 expenses for projects that had not been completed in FY2023.

**Student Activity Fund** – The District’s Student Activity Fund holds money for all self-supporting club and class activities. Until recently, this fund was classified as a Fiduciary Fund, but it has been reclassified by GAAP. Revenues in this fund for FY2023 were \$158,834 while expenses were \$136,454. After two years of below normal revenues and expenses because of COVID-19 restrictions, these are more normal numbers for this fund. At June 30, 2023, the Student Activity Fund had a Fund Balance of \$147,223.

**Fiduciary Funds** – Fiduciary funds are funds that are held in trust by the district. These funds were established by private donations and have specific guidelines on how the money generated from the principal is to be spent.

Trust-Donation Fund - The district has two trusts in this fund.

- The interest on \$250,000 of the Whit Newton Fund is set-aside for the Archuleta Scholarships in Escrow program.
- Interest on \$50,000 of the Mooney donation is designated to help fund either remedial or accelerated summer school programs.

For the two trust funds, Revenue in FY2023 was \$9,373. Expenditures were \$7,188. The ending Net Position for the fund at June 30, 2023, was \$305,628. The Hughes Foundation funds that were previously part of this fund have been reclassified and are now part of the General Fund.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY2023, the District had invested \$18,181,123 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net decrease of \$132,636 or 0.72%. This decrease was due to the increase in depreciation outpacing the value of equipment and vehicles purchased or retired.

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
<b>Governmental Activities</b>				
Assets not being depreciated	\$ 1,673,232	\$ 125,000	\$ 593,184	\$ 1,205,048
Assets being depreciated	25,845,575	1,091,470	248,104	26,688,941
Less: Accumulated Depreciation	(9,205,048)	(755,922)	(248,104)	(9,712,866)
<b>Total Capital Assets, net</b>	<b>\$ 18,313,759</b>	<b>\$ 460,548</b>	<b>\$ 593,184</b>	<b>\$ 18,181,123</b>

## Long Term Debt

At year-end the District had long term debt obligation of \$909,095 which is a \$100,856 decrease from June 30, 2022. The long-term debt includes a multi-year performance contract, a copier finance purchase agreement, and accrued compensated absences.

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Interest Expense
Finance Purchasing Agreements	581,201	-	110,761	470,440	16,683
Accrued Compensated Absences	428,750	9,905	-	438,655	-
<b>TOTAL</b>	<b>\$ 1,009,951</b>	<b>\$ 9,905</b>	<b>\$ 110,761</b>	<b>\$ 909,095</b>	<b>\$ 16,683</b>

## ECONOMIC FACTORS AND FUTURE BUDGETS

The District's October 2023 funded pupil count of 1,631.5 decreased by 62 students compared to the October 2022 pupil count. The October 2023 funded pupil count is inflated by the state law that allows schools to be funded on the basis of the best of the one through five-year enrollment averages. This year's count is also lower than the counts of any of the previous five years. This is a number that needs to be watched carefully in the future, especially as there is talk in the legislature of eliminating the averaging safety-net.

In November 2018 voters passed a \$1.7 million per year Mill Levy Override (MLO) to provide additional revenues for the school district, however that MLO had a seven-year sunset provision. In November 2023, subsequent to the time period of this audit, the voters passed a continuation of the \$1.7 million MLO without a sunset provision. The continuation of the MLO, which will also be shared with Pagosa Peak Open School, can be used for educational purposes including but not limited to recruiting and retaining highly qualified teachers and staff, and to provide school safety, security and mental health support for students.

The local economy continues to show growth after recovering from the pandemic, but because of enrollment declines meaningful increases in revenues for the school district's General Fund are not expected in the foreseeable future.

A significant increase in assessed valuations from the most recent reassessment (almost 60%) has significantly increased the portion of the District's funding that will come from Property Taxes while significantly decreasing the portion of funding received from the State. Because of the timing of Property Tax distributions, the District will need to watch their future cash flow projections and may be forced to borrow money for cash-flow purpose in the future.

Difficulty in hiring individuals has lessened with the salary increases given in December 2022 and in the 2023-24 budget. However, the lack of affordability of housing is a problem. In multiple instances, individuals who had accepted jobs had to later decline the position because they could not find affordable housing.

September 2024 will mark the end of the various COVID-19 grants that were received by the School District since the Spring of 2020. Fortunately, the District has not permanently funded any positions from these funds. However, without these funds the district will be unable to address some of the needs of the District.

The impact of Colorado PERA's contribution rates for our school district and our employees and the impact of increased health insurance premiums will need to be studied. PERA rates continued to increase until they reached rates in July 2022 of 21.40% for the school district and 11.00% for employees. In addition, PERA rates contain an automatic increase provision that could cause increased rates in the future based on PERA's actuarial projections. Increases in PERA rates and health insurance costs limit the availability of funds for salaries and other operations.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information about either the District or the component unit (Pagosa Peak Open School), contact the District's Finance Director at 970-264-2228 x 5403.

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**BASIC FINANCIAL STATEMENTS**

# ARCHULETA SCHOOL DISTRICT 50 JT

## STATEMENT OF NET POSITION

June 30, 2023

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Pagosa Peaks Open School</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 11,687,333	\$ 278,121
Restricted Cash	-	33,721
Accounts Receivable	1,888	-
Property Tax Receivable	756,303	-
Due from Other Governments	452,907	264,512
Lease Receivable	-	55,380
Prepaid Expenses	111,220	15,000
Inventories	42,773	-
<b>Total Current Assets</b>	<b>13,052,424</b>	<b>646,734</b>
<b>Noncurrent Assets</b>		
Capital Assets not being depreciated	1,205,048	715,000
Capital Assets net of depreciation	16,976,075	4,538,481
<b>Total Noncurrent Assets</b>	<b>18,181,123</b>	<b>5,253,481</b>
<b>TOTAL ASSETS</b>	<b>31,233,547</b>	<b>5,900,215</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	5,919,803	503,647
OPEB	241,698	34,233
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,161,501</b>	<b>537,880</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	263,563	60,775
Accrued Salaries and Benefits	1,866,875	-
Unearned Grant Revenue	74,071	68,231
Unearned Revenue	11,385	-
Accrued Interest Expense	-	5,721
Financed Purchase Agreement	113,435	-
Note Payable	-	60,124
Compensated Absences	6,720	-
<b>Total Current Liabilities</b>	<b>2,336,049</b>	<b>194,851</b>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**

**STATEMENT OF NET POSITION**

**June 30, 2023**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Pagosa Peaks</u>
	<u>Activities</u>	<u>Open School</u>
<b>Noncurrent Liabilities</b>		
Financed Purchase Agreement	357,005	-
Note Payable	-	2,786,232
Compensated Absences	431,935	-
Pension Liability	25,844,770	1,879,021
OPEB Liability	880,833	63,997
<b>Total Noncurrent Liabilities</b>	<u>27,514,543</u>	<u>4,729,250</u>
 <b>TOTAL LIABILITIES</b>	 <u>29,850,592</u>	 <u>4,924,101</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	3,176,426	165,265
OPEB	327,674	22,540
Leases	-	55,380
Unavailable Revenue - Property Tax	364,546	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,868,646</u>	<u>243,185</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	17,710,683	2,407,125
Restricted for		
Debt Service	-	-
TABOR	580,000	67,000
Mill Levy Override	508,904	-
Unrestricted	<u>(15,123,777)</u>	<u>(1,203,316)</u>
 <b>TOTAL NET POSITION</b>	 <u>\$ 3,675,810</u>	 <u>\$ 1,270,809</u>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**

**STATEMENT OF ACTIVITIES**

**Fiscal Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Governmental Activities	Component Unit Pagosa Peaks Open School
<b>Primary Government</b>						
<b>Governmental Activities</b>						
Instructional Program	\$13,047,393	\$ 67,284	\$ 2,238,362	\$ -	\$ (10,741,747)	
Student Supporting Services	1,615,702	40,519	1,882,196	312,855	619,868	
Instructional Staff Supporting Services	308,844	-	-	-	(308,844)	
General Administration Supporting Services	1,316,090	-	163,162	-	(1,152,928)	
School Administration Supporting Services	1,325,930	-	1,692	-	(1,324,238)	
Business Supporting Services	652,522	-	-	-	(652,522)	
Operations and Maintenance of Plant Services	2,637,035	-	4,555	-	(2,632,480)	
Student Transportation Services	1,036,607	-	213,917	-	(822,690)	
Central Supporting Services	1,113,541	-	-	-	(1,113,541)	
Other Support Services	-	-	-	-	-	
Community Services	-	-	-	-	-	
Other Uses	33,337	-	-	-	(33,337)	
Food Services	727,841	194,752	529,009	-	(4,080)	
Facilities Acquisition and Construction Services	-	-	-	-	-	
Interest on Long-term Debt	23,488	-	-	-	(23,488)	
<b>Total Primary Government</b>	<b>\$ 23,838,330</b>	<b>\$302,555</b>	<b>\$ 5,032,893</b>	<b>\$ 312,855</b>	<b>(18,190,027)</b>	
<b>Component Unit - Pagosa Peaks Open School</b>	<b>\$ 2,272,346</b>	<b>\$114,916</b>	<b>\$ 423,247</b>	<b>\$ 529,111</b>		<b>\$ (1,205,072)</b>
<b>General Revenues</b>						
Taxes						
General Property Taxes - Net					10,150,534	113,120
Specific Ownership Taxes					1,039,488	-
Other Taxes					10,004	-
State Equalization					5,747,764	1,209,979
Interest on Investments					258,112	-
Miscellaneous					157,779	25,588
<b>Total General Revenues</b>					<b>17,363,681</b>	<b>1,348,687</b>
<b>Change in Net Position</b>					<b>(826,346)</b>	<b>143,615</b>
<b>Net Position, Beginning of Year</b>					<b>4,502,156</b>	<b>1,127,194</b>
<b>Net Position, End of Year</b>					<b>\$ 3,675,810</b>	<b>\$ 1,270,809</b>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**June 30, 2023**

	<b>GENERAL FUND</b>	<b>DESIGNATED GRANTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,828,115	\$ -	\$ 859,218	\$ 11,687,333
Accounts Receivable	1,888	-	-	1,888
Property Tax Receivable	756,303	-	-	756,303
Due from Other Governments	41,587	340,221	71,099	452,907
Due from Other Funds	97,300	-	-	97,300
Prepaid Expenditures	89,222	21,998	-	111,220
Inventory	-	-	42,773	42,773
<b>TOTAL ASSETS</b>	<b>\$ 11,814,415</b>	<b>\$ 362,219</b>	<b>\$ 973,090</b>	<b>\$ 13,149,724</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 136,475	\$ 87,970	\$ 39,118	\$ 263,563
Due to Other Funds	-	97,300	-	97,300
Unearned Grant Revenue	-	74,071	-	74,071
Unearned Revenue	-	-	11,385	11,385
Accrued Salaries and Benefits	1,723,622	102,878	40,375	1,866,875
<b>TOTAL LIABILITIES</b>	<b>1,860,097</b>	<b>362,219</b>	<b>90,878</b>	<b>2,313,194</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Tax	364,546	-	-	364,546
<b>FUND BALANCE</b>				
Nonspendable	89,222	-	42,773	131,995
Restricted	1,088,904	-	-	1,088,904
Committed	654,287	-	839,439	1,493,726
Assigned	-	-	-	-
Unassigned	7,757,359	-	-	7,757,359
<b>TOTAL FUND BALANCE</b>	<b>9,589,772</b>	<b>-</b>	<b>882,212</b>	<b>10,471,984</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 11,814,415</b>	<b>\$ 362,219</b>	<b>\$ 973,090</b>	<b>\$ 13,149,724</b>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2023**

<b>Total governmental fund balances</b>		<b>\$ 10,471,984</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		18,181,123
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		6,161,501
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	\$ -	
Financed Purchase Agreements	(470,440)	
Compensated Absences	(438,655)	
	(909,095)	
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(26,725,603)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		(3,504,100)
<b>Net position of governmental activities</b>		<b>\$ 3,675,810</b>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2023**

	<b>GENERAL FUND</b>	<b>DESIGNATED GRANTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>				
Local Sources	\$ 11,896,348	\$ 54,090	\$ 355,312	\$ 12,305,750
Intermediate Sources	18,275	7,973	-	26,248
State Sources	7,217,527	858,450	11,561	8,087,538
Federal Sources	474,775	2,137,698	517,448	3,129,921
<b>TOTAL REVENUES</b>	<b>19,606,925</b>	<b>3,058,211</b>	<b>884,321</b>	<b>23,549,457</b>
<b>EXPENDITURES</b>				
Instructional Program	10,887,443	1,386,308	137,165	12,410,916
Student Supporting Services	543,067	649,013	-	1,192,080
Instructional Staff Supporting Services	128,207	174,721	749	303,677
General Administration Supporting Services	1,226,797	63,424	-	1,290,221
School Administration Supporting Services	1,246,532	25,007	-	1,271,539
Business Supporting Services	488,485	147,548	-	636,033
Operations and Maintenance of Plant Services	1,970,875	24,552	723,404	2,718,831
Student Transportation Services	1,055,040	20,876	-	1,075,916
Central Supporting Services	1,099,255	4,437	-	1,103,692
Other Support Services	-	-	-	-
Community Services	-	-	-	-
Other Uses	33,337	-	-	33,337
Food Services	-	6,586	763,741	770,327
Facilities Acquisition and Construction Services	168,604	555,739	-	724,343
Debt Service	134,249	-	-	134,249
<b>TOTAL EXPENDITURES</b>	<b>18,981,891</b>	<b>3,058,211</b>	<b>1,625,059</b>	<b>23,665,161</b>
Excess (Deficiency) of Revenues Over Expenditures	625,034	-	(740,738)	(115,704)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	-	428,975	428,975
Transfers to Other Funds	(428,975)	-	-	(428,975)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(428,975)</b>	<b>-</b>	<b>428,975</b>	<b>-</b>
Net Change in Fund Balance	196,059	-	(311,763)	(115,704)
<b>Fund Balance, Beginning of Year</b>	<b>9,393,713</b>	<b>-</b>	<b>1,193,975</b>	<b>10,587,688</b>
<b>Fund Balance, End of Year</b>	<b>\$ 9,589,772</b>	<b>\$ -</b>	<b>\$ 882,212</b>	<b>\$ 10,471,984</b>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

**Net change in fund balances - total governmental funds** \$ (115,704)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Fixed asset additions	\$ 640,683	
Fixed asset deletions, net of accumulated depreciation	(17,397)	
Depreciation expense	<u>(755,922)</u>	
		(132,636)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The bond premium provides a current financial resource to governmental funds, but must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Principal payment on financed purchase agreement	110,761
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(9,905)
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consist of the change in pension and OPEB expense.	<u>(678,862)</u>
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**Change in net position of governmental activities** \$ (826,346)

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2023**

	<b>A.S.E - MOONEY PRIVATE-PURPOSE TRUST FUND</b>
<b>ASSETS</b>	
Cash	\$ 305,628
Accounts Receivable	-
<b>TOTAL ASSETS</b>	<b>305,628</b>
 <b>LIABILITIES</b>	
Accounts Payable	-
<b>TOTAL LIABILITIES</b>	-
 <b>NET POSITION</b>	
Restricted for:	
Scholarships	305,628
<b>TOTAL NET POSITION</b>	<b>\$ 305,628</b>

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2023**

	<b>A.S.E - MOONEY PRIVATE-PURPOSE TRUST FUND</b>
<b>ADDITIONS</b>	
Interest Income	\$ 9,373
<b>TOTAL ADDITIONS</b>	9,373
<b>DEDUCTIONS</b>	
Scholarships	7,188
<b>TOTAL DEDUCTIONS</b>	7,188
Excess of Additions over Deductions	2,185
<b>NONOPERATING ADDITIONS (DEDUCTIONS)</b>	
Transfers to Other Funds	-
Change in Net Position	2,185
<b>Net Position, Beginning of Year</b>	303,443
<b>Net Position, End of Year</b>	\$ 305,628

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

**REPORTING ENTITY**

***Primary Government***

Archuleta School District 50 JT is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District to represent one of the five districts and must reside in the district for which he or she is elected. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the school district. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

***Component Units***

The District has an approved charter with the Pagosa Peak Open School, (the "School") as authorized under Section 22-30.5-102(2) of the Colorado Revised Statutes to provide education to students in grades K-12 who reside within the jurisdictional boundaries of the District and qualified students from outside the District's jurisdictional boundaries. The members of the School's governing board are elected by the District's board. The School is fiscally dependent upon the District because the School does not have the authority to determine its budget without the District's approval. The School does not provide services entirely or almost entirely to the District. The School's financial information is discretely presented in the District's financial statements. Additional information can be obtained by writing to Pagosa Peak Open School, Business Manager, 3133 Cornerstone Drive, Pagosa Springs CO 81147.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

financial statements is on major governmental funds, each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

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

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

The District reports the following major governmental funds:

***General Fund***

This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

***Special Revenue (Designated Grants) Fund***

This fund is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The fiduciary fund financial statements consist of private-purpose trust funds that are fiduciary in nature and present changes in fiduciary net position. Fiduciary funds are accounted for using the economic resources measurement and accrual basis of accounting. These funds are used to account for assets that the District holds for others in a fiduciary capacity.

The District reports the following private-purpose trust funds:

- ***A.S.E. – Mooney Private-Purpose Fund:*** This fund is used to account for assets held by the District in a trustee capacity for individuals, private and student groups. This fund generally accounts for significant donations that are set aside for student benefit.

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

***Budgets and Budgetary Accounting***

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

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrance accounting is not utilized.

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balances***

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Inventories – Inventory is valued at the lower of cost (first-in, first-out) or market. The federal government donates surplus commodities to supplement the National School Lunch and Breakfast Programs. Such commodities are recorded as revenues when expended.

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year. Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	40-75 years
Vehicles	7-15 years
Other Equipment	7 years

Unearned Revenues – Unearned revenues are amounts that have been collected but have not met the requirements needed for revenue recognition.

Accrued Compensated Absences - Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2023, the District has recorded accrued leave as disclosed in Note 7.

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

Long-Term Debt – Principal repayments are shown as expenditures in the fund level financial statements. The District’s financed purchase agreements are paid through the General Fund and are shown as expenditures in that fund. For the government- wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District reports deferred outflows related to pension and OPEB liabilities as further described in Notes 10 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports several items, one of which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. The deferred gain on the bond refunding is being amortized over the life of the bonds using the effective interest rate method as principal is repaid. In addition, the District reports deferred inflows related to pension and OPEB liabilities as further described in Notes 10 and 11.

***Net Position/Fund Balance***

In the government-wide financial statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

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As of June 30, 2023, fund balances are composed of the following:

	General Fund	Designated Grants Fund	Student Activity Fund	Food Service Fund	Capital Reserve Projects Fund	Total Governmental Funds
<b>Nonspendable:</b>						
Prepaid	\$ 89,222	\$ -	\$ -	\$ -	\$ -	\$ 89,222
Inventory	-	-	-	42,773	-	42,773
	<u>89,222</u>	<u>-</u>	<u>-</u>	<u>42,773</u>	<u>-</u>	<u>131,995</u>
<b>Restricted:</b>						
TABOR 3% Reserve	580,000	-	-	-	-	580,000
Mill Levy Override	508,904	-	-	-	-	508,904
Debt Service	-	-	-	-	-	-
	<u>1,088,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088,904</u>
<b>Committed:</b>						
Mult-year Contract	548,475	-	-	-	-	548,475
Student Activities	2,975	-	147,223	-	-	150,198
Food Service	-	-	-	292,493	-	292,493
Capital Projects	102,837	-	-	-	399,723	502,560
	<u>654,287</u>	<u>-</u>	<u>147,223</u>	<u>292,493</u>	<u>399,723</u>	<u>1,493,726</u>
<b>Assigned:</b>						
Designated for Subsequent Years	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>7,757,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,757,359</u>
<b>Total Fund Balances</b>	<u><u>\$9,589,772</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 147,223</u></u>	<u><u>\$ 335,266</u></u>	<u><u>\$ 399,723</u></u>	<u><u>\$ 10,471,984</u></u>

***Net Position/Fund Balance Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Revenues and Expenditures/Expenses***

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities.

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These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

***Pensions***

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

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

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

***Encumbrances***

Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

***Use of Estimates***

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

***Reclassification***

Certain amounts in fiscal year 2022 have been reclassified to conform to the fiscal year 2023 financial statement presentation.

***New Accounting Pronouncements***

During fiscal year 2023, the District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangement (SBITA)*, that establishes that a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in

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combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This standard requires governmental entities to record a subscription liability and an intangible right-to-use subscription asset for those contracts for the subscription term. This standard does not have a material effect on the financial statements of the District.

**NOTE 2: CASH AND INVESTMENTS**

A summary of deposits and investments at June 30, 2023, follows:

Cash & Cash Equivalents		\$	571,845
Investments			11,421,116
Less Fiduciary Funds			(305,628)
<b>Total Cash &amp; Investments</b>			<u><u>\$ 11,687,333</u></u>

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with C.R.S. 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. 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 (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2023, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 504,126	\$ 234,799
PDPA Collateralized	162,979	-
<b>Total Cash Balances</b>	<u><u>\$ 667,105</u></u>	<u><u>\$ 234,799</u></u>

***Investments***

The District’s investments are allocated as follows:

	<u>Total</u>
UMB Certificates of Deposit	\$ 2,188,956
ColoTrust Plus	8,407,553
ColoTrust Edge	204,913
C-Safe	619,694
<b>Total Investment</b>	<u><u>\$ 11,421,116</u></u>

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Colorado statutes specify which instrument units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

***Fair Value***

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

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

ColoTrust Edge is a variable net asset value (NAV) local government investment pool that offers weekly liquidity to participants. Edge is suitable for a local government's strategic reserves/non-operating funds and has a NAV that is managed to approximate a \$10.00 transactional share price. ColoTrust Edge measure its investments at fair value so investments in Edge are not required to be categorized within the fair value hierarchy. ColoTrust Edge investments are rated AAF by FitchRatings.

The Colorado Surplus Asset Fund Trust (CSAFE) investments are valued using the net asset value per share (or its equivalent) of the investments. The investments do not have any unfunded commitments, redemption restrictions, redemption notice periods or withdrawal restrictions. CSAFE investments conform to Colorado Statutes C.R.S. 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. CSAFE measures all of its investments at amortized cost. CSAFE is rated AAAM by Standard & Poor's.

***Concentration of Credit Risk***

The District places no limit on the amount that may be invested in any one issuer.

***Interest Rate Risk***

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment

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maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

***Custodial Credit Risk – Investments***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023, the District did not have any investments requiring safekeeping.

**NOTE 3: INVENTORIES**

Food Service Fund inventory as of June 30, 2023 of \$42,773, consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**NOTE 4: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Designated Grants Fund	\$ 97,300
		\$ 97,300

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2023, were as follows:

Transfer In	Transfer Out	Amount
Capital Reserve Project Fund	General Fund	\$ 428,975
		\$ 428,975

Transfers from the General Fund were made to supplement the Capital Reserve Project Fund.

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**NOTE 5: CAPITAL ASSETS**

Activity for governmental activity capital assets which are capitalized by the District is summarized below:

	Balance 6/30/2022	Additions	Retirements	Balance 6/30/2023
<b>Governmental Activities</b>				
<b>Assets not being depreciated</b>				
Land	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048
Construction in Progress	593,184	125,000	593,184	125,000
Total assets not being depreciated	<u>1,673,232</u>	<u>125,000</u>	<u>593,184</u>	<u>1,205,048</u>
<b>Assets being depreciated</b>				
Buildings & Site Improvements	21,293,677	-	-	21,293,677
Equipment	1,933,134	955,771	-	2,888,905
Vehicles	2,618,764	135,699	248,104	2,506,359
Total assets being depreciated	<u>25,845,575</u>	<u>1,091,470</u>	<u>248,104</u>	<u>26,688,941</u>
<b>Less: Accumulated depreciation</b>				
Buildings & Site Improvements	6,864,765	372,401	-	7,237,166
Equipment	766,099	256,309	-	1,022,408
Vehicles	1,574,184	127,212	248,104	1,453,292
Total accumulated depreciation	<u>9,205,048</u>	<u>755,922</u>	<u>248,104</u>	<u>9,712,866</u>
Total Capital Assets, Net	<u>\$ 18,313,759</u>	<u>\$ 460,548</u>	<u>\$ 593,184</u>	<u>\$ 18,181,123</u>

Depreciation expense was charged to the following functions:

Instruction	\$ 372,401
Supporting Services	383,521
Total Depreciation	<u>\$ 755,922</u>

**NOTE 6: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, are as follows:

General Fund	\$ 1,723,622
Food Service Fund	40,375
Designated Grants Fund	102,878
Total Accrued Salaries & Benefits	<u>\$ 1,866,875</u>

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**NOTE 7: LONG-TERM DEBT**

Changes in the District’s long-term debt for the year ended June 30, 2023, were as follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023	Due Within One Year
<i>Governmental Activities</i>					
Finance Purchase Agreements - Improvements	\$ 581,201	\$ -	\$ 110,761	\$ 470,440	\$ 113,435
Accrued Compensated Absences	428,750	9,905	-	438,655	6,720
<i>Total Governmental Activities</i>	<u>\$ 1,009,951</u>	<u>\$ 9,905</u>	<u>\$ 110,761</u>	<u>\$ 909,095</u>	<u>\$ 120,155</u>

***Financed Purchase Agreements***

In 2013, the District entered into a financed purchase agreement for energy efficiency improvements to the District. The agreement requires 30 semiannual payments beginning October 2012 and ending April 2027. Payments start in the amount of \$49,111 and increase each year until it reaches a maximum payment of \$62,025, including interest at 2.4%. Building improvements with a remaining value of \$1,368,148 have been capitalized under this agreement. In the event of default, the lessor will require the District to pay amounts due under the financed purchase agreement. Lessor may terminate the agreement and repossess the equipment. In the event of any such repossession, the District may be required to restore title to and possession of the equipment to the Lessor, free and clear of all liens and security interests to which the equipment may have become subject. The District may become liable to repair and restore the equipment to the same condition in which it was received (reasonable wear and tear excepted) or pay reasonable cost of such repairs and restoration. If equipment is not returned, the District is liable for rental payments with the lessor entitled to bring such action at law or in equity to recover damages.

Future minimum financed purchase agreement payments at June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 113,435	\$ 10,614	\$ 124,049
2025	116,174	7,875	124,049
2026	118,979	5,070	124,049
2027	121,852	2,198	124,050
Total	<u>\$ 470,440</u>	<u>\$ 25,757</u>	<u>\$ 496,197</u>

***Accrued Compensated Absences***

The District allows eligible employees to carryover used vacation of up to 20 days. Sick leave and personal leave will be paid out annually, subsequent to the end of the year, for accruals in excess of 60 days at either the current substitute teacher rate or a percentage thereof, depending upon the employee type. Any remaining sick and vacation leave accruals will be paid upon termination at the above listed rates. The District has accrued all potential payments as noncurrent liabilities in the governmental activities. In addition, the District has included the current portion of the accrued compensated absences as part of the accrued salaries and benefits reported in the funds. Payments for unused leave are typically funded through the General Fund.

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**NOTE 8: JOINTLY GOVERNED ORGANIZATION**

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

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

The District is a participant among five Districts in a jointly governed organization to operate the San Juan Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. During the year ended June 30, 2023, the District paid \$198,818 in assessments to the BOCES. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 701 Camino Del Rio Suite 221, Durango, CO 81301.

**NOTE 9: RISK MANAGEMENT**

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

**Colorado School Districts Self Insurance Pool**

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

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The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

Health and Dental Insurance

The District partially self-insured its health insurance claims until December of 2012 when its switched to a commercial carrier.

Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

**NOTE 10: DEFINED BENEFIT PENSION PLAN**

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

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

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

*Contributions provisions as of June 30, 2023.* Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	11.40%
Amount apportioned to the SCHDTF	-1.02%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	10.38%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.50%
Total employer contribution rate to the SCHDTF	5.50%
	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,287,984, for the year ended June 30, 2023.

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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA’s negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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**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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the District reported a liability of \$25,844,770 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 District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Archuleta School District's proportionate share of the net pension liability	\$ 25,844,770
The State's proportionate share of the net pension liability as a nonemployer contribution entity association with the Archuleta School District	7,531,426
Total	\$ 33,376,196

At December 31, 2022, the District's proportion was 0.142%, which was a decrease of 0.021% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$754,233 and revenue of \$642,236 for support from the State as a nonemployer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 244,593	\$ -
Net difference between projected and actual earnings on pension plan investments	3,471,905	-
Changes of assumptions or other inputs	457,795	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	580,181	3,176,426
Contributions subsequent to the measurement date	1,165,329	-
Total	\$ 5,919,803	\$ 3,176,426

\$1,165,329 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30,	
2024	\$ (787,394)
2025	(607,155)
2026	953,145
2027	2,019,453
2028	-
Thereafter	-

*Actuarial assumptions.* The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net 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 <sup>1</sup>	Financed by the AIR

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

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

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

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

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

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

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

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

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The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED

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and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA’s negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 33,821,915	\$ 25,844,770	\$ 19,183,039

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

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**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

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

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

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

***PERA Benefit Structure***

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$114,511 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$880,833 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District proportion was 0.108%, which was an increase of 0.002% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023 the District recognized OPEB expense of (\$75,372). At June 30, 2023, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 114	\$ 213,015
Net difference between projected and actual earnings on OPEB plan investments	53,800	-
Changes of assumptions or other inputs	14,157	97,217
Changes in proportion and differences between contributions recognized and proportionate share of contributions	115,302	17,443
Contributions subsequent to the measurement date	58,324	-
Total	\$ 241,697	\$ 327,675

\$58,324 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ended June 30,	
2024	\$ (49,234)
2025	(46,057)
2026	(31,012)
2027	4,950
2028	(18,450)
Thereafter	(4,499)

*Actuarial assumptions.* The TOL in the December 31, 2021 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	6.50% in 2022 gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

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**Age-Related Morbidity Assumptions**

Participant Age	Annual Increase	Annual Increase
	(Male)	(Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,704	\$ 1,450	\$ 583	\$ 496	\$ 1,923	\$ 1,634
70	\$ 1,976	\$ 1,561	\$ 676	\$ 534	\$ 2,229	\$ 1,761
75	\$ 2,128	\$ 1,681	\$ 728	\$ 575	\$ 2,401	\$ 1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,514	\$ 5,542	\$ 4,227	\$ 3,596	\$ 6,752	\$ 5,739
70	\$ 7,553	\$ 5,966	\$ 4,901	\$ 3,872	\$ 7,826	\$ 6,185
75	\$ 8,134	\$ 6,425	\$ 5,278	\$ 4,169	\$ 8,433	\$ 6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A

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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
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021 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.

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

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

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

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

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

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

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

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- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 855,901	\$ 880,833	\$ 907,960

*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, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,021,145	\$ 880,833	\$ 760,819

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

**NOTE 12: DEFINED CONTRIBUTION PENSION PLAN**

***Voluntary Investment Program***

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2023, program members contributed \$121,414 for the Voluntary Investment Program.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. 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. As of June 30, 2023, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**NOTE 14: TABOR EMERGENCY RESERVE**

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

Fiscal year spending and revenue limits are determined based on the prior year’s spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. In November 1997, voters approved a ballot measure authorizing the District to collect, retain and expand all revenues in 1998 and subsequent years, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution.

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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

**NOTE 15: DEFICIT UNRESTRICTED NET POSITION**

The Governmental Activities has an unrestricted net position deficit of \$15,123,777 primarily due to the PERA net pension liability of \$25,844,770 and OPEB liability of \$880,833, and related deferrals, as further described in Notes 10 and 11. As the District has no control over pension or OPEB benefits or contribution rates, the District expects this deficit in unrestricted net position to continue for the foreseeable future.

## **ARCHULETA SCHOOL DISTRICT 50 JT**

### **REQUIRED SUPPLEMENTARY INFORMATION**

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 11,193,346	\$ 11,670,820	\$ 11,896,348	\$ 225,528
Intermediate Sources	7,531	28,275	18,275	(10,000)
State Sources	7,011,169	6,823,141	7,217,527	394,386
Federal Sources	375,000	400,000	474,775	74,775
<b>TOTAL REVENUES</b>	<b>18,587,046</b>	<b>18,922,236</b>	<b>19,606,925</b>	<b>684,689</b>
<b>EXPENDITURES</b>				
Instructional Program	10,458,733	10,847,894	10,887,443	(39,549)
Student Supporting Services	559,131	620,178	543,067	77,111
Instructional Staff Supporting Services	208,314	127,997	128,207	(210)
General Administration Supporting Services	1,025,082	1,380,245	1,226,797	153,448
School Administration Supporting Services	1,223,192	1,243,692	1,246,532	(2,840)
Business Supporting Services	414,165	473,228	488,485	(15,257)
Operations and Maintenance of Plant Services	2,085,685	1,978,854	1,970,875	7,979
Student Transportation Services	902,440	1,172,226	1,055,040	117,186
Central Support Services	1,422,086	1,297,106	1,099,255	197,851
Other Uses	156,250	191,321	33,337	157,984
Food Services	-	-	-	-
Facilities Acquisition and Construction Services	-	-	168,604	(168,604)
Debt Service	-	136,251	134,249	2,002
Operating Reserves	8,308,306	8,425,528	-	8,425,528
<b>TOTAL EXPENDITURES</b>	<b>26,763,384</b>	<b>27,894,520</b>	<b>18,981,891</b>	<b>8,912,629</b>
Excess (Deficiency) of Revenues Over Expenditures	(8,176,338)	(8,972,284)	625,034	9,597,318
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(401,296)	(401,296)	(428,975)	(27,679)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(401,296)</b>	<b>(401,296)</b>	<b>(428,975)</b>	<b>(27,679)</b>
Net Change in Fund Balance	(8,577,634)	(9,373,580)	196,059	9,569,639
<b>Fund Balance, Beginning of Year</b>	<b>8,577,634</b>	<b>9,373,580</b>	<b>9,393,713</b>	<b>20,133</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,589,772</b>	<b>\$ 9,589,772</b>

**Notes To Required Supplementary Information**

The basis of budgeting is the same as GAAP.  
This schedule is presented on the GAAP basis.

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**DESIGNATED GRANTS FUND**  
**For the Year Ended June 30, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 56,719	\$ 61,653	\$ 54,090	\$ (7,563)
Intermediate Sources	-	48,245	7,973	(40,272)
State Sources	388,141	1,014,773	858,450	(156,323)
Federal Sources	3,092,420	3,335,494	2,137,698	(1,197,796)
<b>TOTAL REVENUES</b>	<b>3,537,280</b>	<b>4,460,165</b>	<b>3,058,211</b>	<b>(1,401,954)</b>
<b>EXPENDITURES</b>				
Instructional Program	2,016,929	2,255,296	1,386,308	868,988
Student Supporting Services	741,628	741,628	649,013	92,615
Instructional Staff Supporting Services	491,953	491,953	174,721	317,232
General Administration Supporting Services	10,749	10,749	63,424	(52,675)
School Administration Supporting Services	-	-	25,007	(25,007)
Business Supporting Services	170,849	170,849	147,548	23,301
Operations and Maintenance of Plant Services	-	-	24,552	(24,552)
Student Transportation Services	96,422	96,422	20,876	75,546
Central Support Services	-	-	4,437	(4,437)
Food Services	-	-	6,586	(6,586)
Community Services	2,000	2,000	-	2,000
Facilities Acquisition and Construction Services	6,750	691,268	555,739	135,529
<b>TOTAL EXPENDITURES</b>	<b>3,537,280</b>	<b>4,460,165</b>	<b>3,058,211</b>	<b>1,401,954</b>
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes To Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA SCDTIF PENSION PLAN**  
**For the Years Ended June 30,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.1419304%	0.1627810%	0.1766496%	0.1603214%	0.1396976%	0.1582600%	0.1547239%	0.1516416%	0.1595827%	0.1630930%
District's proportionate share of the net pension liability (asset)	\$25,844,770	\$18,943,421	\$26,705,856	\$23,951,667	\$24,736,330	\$51,175,581	\$46,067,289	\$23,192,506	\$21,628,812	\$20,802,468
State's proportionate share of the net pension liability (asset) associated with the District	7,531,426	2,171,621	-	3,037,964	2,591,791	-	-	-	-	-
Total	\$33,376,196	\$21,115,042	\$26,705,856	\$26,989,631	\$27,328,121	\$51,175,581	\$46,067,289	\$23,192,506	\$21,628,812	\$20,802,468
District's covered payroll	\$10,949,063	\$10,173,301	\$ 9,449,893	\$ 9,134,347	\$ 7,679,927	\$ 7,300,336	\$ 6,944,286	\$ 6,608,505	\$ 6,685,369	\$ 6,574,795
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	236%	186%	283%	262%	322%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,287,984	\$ 2,125,247	\$ 1,899,142	\$ 1,847,945	\$ 1,625,856	\$ 1,360,053	\$ 1,258,999	\$ 1,145,254	\$ 1,098,406	\$ 1,021,066
Contributions in relation to the contractually required contribution	(2,287,984)	(2,125,247)	(1,899,142)	(1,847,945)	(1,625,856)	(1,360,053)	(1,258,999)	(1,145,254)	(1,098,406)	(1,021,066)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	11,226,617	10,690,373	9,553,025	9,535,317	8,498,983	7,300,336	6,944,286	6,608,505	6,685,369	6,574,795
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.63%	18.13%	17.33%	16.43%	15.53%

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**COLORADO PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.1078818%	0.1062837%	0.1021891%	0.1047806%	0.0908040%	0.0899230%	0.0879470%
District's proportionate share of the net OPEB liability (asset)	\$ 880,833	\$ 916,490	\$ 971,026	\$ 1,177,732	\$ 1,235,429	\$ 1,168,634	\$ 1,140,261
District's covered payroll	\$ 10,949,063	\$ 10,173,301	\$ 9,449,893	\$ 9,134,347	\$ 7,679,927	\$ 7,300,336	\$ 6,944,286
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	20.00%

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

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**COLORADO PERA HEALTHCARE TRUST FUND**

For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 114,511	\$ 109,042	\$ 97,441	\$ 97,260	\$ 86,690	\$ 74,463	\$ 70,832
Contributions in relation to the contractually required contribution	(114,511)	(109,042)	(97,441)	(97,260)	(86,690)	(74,463)	(70,832)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,226,617	\$ 10,690,373	\$ 9,553,025	\$ 9,535,317	\$ 8,498,983	\$ 7,300,294	\$ 6,944,286
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2023**

**NOTE 1 NET PENSION LIABILITY**

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

*2022*

- Required contribution increased from 10.50% to 11.00% for eligible employees.

*2021*

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

*2020*

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

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

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

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2023**

2016

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

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

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

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

2022

- The Medicare Part A premium increased from \$471 to \$499 per month.
- The per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.
- Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability.

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

2020

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2023**

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

*2019*

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

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

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

# **ARCHULETA SCHOOL DISTRICT 50 JT**

## **SUPPLEMENTARY INFORMATION**

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

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

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

**Food Service Fund** - Used to account for the District's food service program. Revenues are derived from District contributions and student and adult charges.

**CAPITAL PROJECTS FUND**

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

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE - BALANCE SHEET**  
**June 30, 2023**

	SPECIAL REVENUE FUNDS		CAPITAL RESERVE PROJECT FUND	TOTAL NONMAJOR FUNDS
	STUDENT ACTIVITY FUND	FOOD SERVICE FUND		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 149,174	\$ 277,970	\$ 432,074	\$ 859,218
Due From Other Governments	-	71,099	-	71,099
Inventory	-	42,773	-	42,773
Prepaid Expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 149,174</b>	<b>\$ 391,842</b>	<b>\$ 432,074</b>	<b>\$ 973,090</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ 1,951	\$ 4,816	\$ 32,351	\$ 39,118
Due to Other Funds	-	-	-	-
Accrued Salaries and Benefits	-	40,375	-	40,375
Unearned Revenue	-	11,385	-	11,385
<b>TOTAL LIABILITIES</b>	<b>1,951</b>	<b>56,576</b>	<b>32,351</b>	<b>90,878</b>
<b>FUND BALANCE</b>				
Nonspendable	-	42,773	-	42,773
Restricted	-	-	-	-
Committed	147,223	292,493	399,723	839,439
<b>TOTAL FUND BALANCE</b>	<b>147,223</b>	<b>335,266</b>	<b>399,723</b>	<b>882,212</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 149,174</b>	<b>\$ 391,842</b>	<b>\$ 432,074</b>	<b>\$ 973,090</b>

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2023**

	<b>SPECIAL REVENUE FUNDS</b>		<b>CAPITAL RESERVE PROJECT FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<b>STUDENT ACTIVITY FUND</b>	<b>FOOD SERVICE FUND</b>		
<b>REVENUES</b>				
Local Sources	\$ 158,834	\$ 196,478	\$ -	\$ 355,312
State Sources	-	11,561	-	11,561
Federal Sources	-	517,448	-	517,448
<b>TOTAL REVENUES</b>	<b>158,834</b>	<b>725,487</b>	<b>-</b>	<b>884,321</b>
<b>EXPENDITURES</b>				
Instructional Program	135,705	-	1,460	137,165
Instructional Staff Supporting Services	-	-	-	-
General Administration Supporting Services	749	-	-	749
Operations and Maintenance of Plant Services	-	-	723,404	723,404
Food Services	-	763,741	-	763,741
Facilities Acquisition and Construction Services	-	-	-	-
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>136,454</b>	<b>763,741</b>	<b>724,864</b>	<b>1,625,059</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,380</u>	<u>(38,254)</u>	<u>(724,864)</u>	<u>(740,738)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	-	428,975	428,975
Transfers to Other Funds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>428,975</b>	<b>428,975</b>
Net Change in Fund Balance	22,380	(38,254)	(295,889)	(311,763)
<b>Fund Balance, Beginning of Year</b>	<b>124,843</b>	<b>373,520</b>	<b>695,612</b>	<b>1,193,975</b>
<b>Fund Balance, End of Year</b>	<b>\$ 147,223</b>	<b>\$ 335,266</b>	<b>\$ 399,723</b>	<b>\$ 882,212</b>

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**STUDENT ACTIVITY FUND**  
**For the Year Ended June 30, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 200,000	\$ 200,000	\$ 158,834	\$ (41,166)
<b>TOTAL REVENUES</b>	<u>200,000</u>	<u>200,000</u>	<u>158,834</u>	<u>(41,166)</u>
<b>EXPENDITURES</b>				
Instructional Program	200,000	200,000	135,705	64,295
Instructional Staff Supporting Services	-	-	-	-
General Administration Supporting Services	-	-	749	(749)
Operating Reserves	111,573	124,847	-	124,847
<b>TOTAL EXPENDITURES</b>	<u>311,573</u>	<u>324,847</u>	<u>136,454</u>	<u>188,393</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(111,573)</u>	<u>(124,847)</u>	<u>22,380</u>	<u>147,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(111,573)	(124,847)	22,380	147,227
<b>Fund Balance, Beginning of Year</b>	<u>111,573</u>	<u>124,847</u>	<u>124,843</u>	<u>(4)</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,223</u>	<u>\$ 147,223</u>

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 159,000	\$ 116,330	\$ 196,478	\$ 80,148
State Sources	11,200	11,571	11,561	(10)
Federal Sources	403,826	533,380	517,448	(15,932)
<b>TOTAL REVENUES</b>	<u>574,026</u>	<u>661,281</u>	<u>725,487</u>	<u>64,206</u>
<b>EXPENDITURES</b>				
Supporting Services				
Food Services				
Salaries	225,623	273,068	277,697	(4,629)
Fringe Benefits	88,629	99,470	94,236	5,234
Purchased Professional Services	3,050	3,050	1,150	1,900
Purchased Property Services	75	75	1,830	(1,755)
Other Purchased Services	1,200	1,200	-	1,200
Equipment	19,000	79,000	71,014	7,986
Food and Commodities	259,825	268,926	317,646	(48,720)
Other Supplies	155	155	168	(13)
Operating Reserves	99,473	309,856	-	309,856
<b>TOTAL EXPENDITURES</b>	<u>697,030</u>	<u>1,034,800</u>	<u>763,741</u>	<u>271,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(123,004)</u>	<u>(373,519)</u>	<u>(38,254)</u>	<u>335,265</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(123,004)	(373,519)	(38,254)	335,265
<b>Fund Balance, Beginning of Year</b>	<u>123,004</u>	<u>373,519</u>	<u>373,520</u>	<u>1</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,266</u>	<u>\$ 335,266</u>

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL RESERVE PROJECT FUND**  
**For the Year Ended June 30, 2023**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Instructional Program	-	1,460	1,460	-
Operations and Maintenance of Plant Services	428,975	1,095,448	723,404	372,044
Facilities Acquisition and Construction Services	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>428,975</u>	<u>1,096,908</u>	<u>724,864</u>	<u>372,044</u>
Excess (Deficiency) of Revenues Over Expenditures	(428,975)	(1,096,908)	(724,864)	372,044
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	428,975	401,296	428,975	27,679
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>428,975</u>	<u>401,296</u>	<u>428,975</u>	<u>27,679</u>
Net Change in Fund Balance	-	(695,612)	(295,889)	399,723
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>695,612</u>	<u>695,612</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,723</u>	<u>\$ 399,723</u>

**ARCHULETA SCHOOL DISTRICT 50 JT**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**BUDGET AND ACTUAL**  
**A.S.E. - MOONEY PRIVATE-PURPOSE TRUST FUND**  
**For the Year Ended June 30, 2023**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>ADDITIONS</b>				
Interest Income	\$ 4,612	\$ 9,253	\$ 9,373	\$ 120
<b>TOTAL ADDITIONS</b>	<u>4,612</u>	<u>9,253</u>	<u>9,373</u>	<u>120</u>
<b>DEDUCTIONS</b>				
Scholarships	4,132	7,400	7,188	212
Operating Reserves	303,712	305,296	-	305,296
<b>TOTAL DEDUCTIONS</b>	<u>307,844</u>	<u>312,696</u>	<u>7,188</u>	<u>305,508</u>
Excess of Additions over Deductions	(303,232)	(303,443)	2,185	305,628
<b>NONOPERATING ADDITIONS (DEDUCTIONS)</b>				
Transfers to Other Funds	-	-	-	-
Change in Net Position	(303,232)	(303,443)	2,185	305,628
<b>Net Position, Beginning of Year</b>	<u>303,232</u>	<u>303,443</u>	<u>303,443</u>	<u>-</u>
<b>Net Position, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,628</u>	<u>\$ 305,628</u>

**ARCHULETA SCHOOL DISTRICT 50JT**

**SINGLE AUDIT SECTION**

**ARCHULETA SCHOOL DISTRICT 50JT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Child Nutrition Cluster</i></b>			
United States Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 83,487
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	48,509
National School Lunch Program	10.555	Colorado Department of Education, 6555/4555	372,327
Summer Food Service Program	10.559	Colorado Department of Education, 4559	13,125
<b><i>Total Child Nutrition Cluster</i></b>			<b>517,448</b>
<b><i>Forest Service Schools and Roads Cluster</i></b>			
United States Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Archuleta and Hinsdale County Treasurers, 7665	270,566
<b><i>Total All Clusters</i></b>			<b>788,014</b>
<b><i>Other Programs</i></b>			
United States Department of Agriculture			
Pandemic EBT Administrative Costs	10.649	Colorado Department of Education, 4649	1,281
United States Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	398,062
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	6,250
Supporting Effective Instruction State Grants	84.367	Colorado Department of Education, 4367	69,968
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	40,302
COVID-19 Education Stabilization Fund	84.425C	Colorado Department of Education and Ft. Lewis College, 6426	116,767
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4425/4420/4445/4448	423,112
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/9414/4434	781,457

**ARCHULETA SCHOOL DISTRICT 50JT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
United States Department of Health and Human Services			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Colorado Department of Education, 7243	297,896
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Education, 7323	628
Improving Student Health and Academic Achievement through Nutrition, Physical Activity, and the Management of Chronic Conditions in Schools	93.981	Colorado Department of Education, 7981	1,975
<b><i>Total Other Programs</i></b>			<u>2,137,698</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u><u>\$ 2,925,712</u></u>

**ARCHULETA SCHOOL DISTRICT 50JT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended June 30, 2023. In addition, the District did not pass-through federal funds to subrecipients.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2023. 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 the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 3 FOOD SERVICE INVENTORY VALUATION**

Food Service inventory consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Department of Agriculture, are recorded at their estimated fair market value at the date of receipt.

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



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
Archuleta School District 50 JT  
Pagosa Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Archuleta School District 50 JT (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2024.

**Report On Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a material weakness.

**Certified Public Accountants**

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

### **Report on Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

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

*Wall, Smith, Bateman Inc*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 8, 2024

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



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
Archuleta School District 50 JT  
Pagosa Springs, Colorado

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

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

We have audited Archuleta School District 50 JT's (the District) compliance with the types of compliance requirements identified as subject to audit described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

**Certified Public Accountants**

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

*Wall, Smith, Bateman Inc*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 8, 2024

**ARCHULETA SCHOOL DISTRICT 50JT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

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

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

Identification of major programs:

<u>Federal Assistance Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C	Education Stabilization Fund
84.425D	Education Stabilization Fund
84.425U	Education Stabilization Fund

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

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

**Section II – Financial Statement Findings**

**Finding 2023-001: Internal Control Over Financial Reporting**

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

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

*Condition:* The District’s system of internal controls did not prevent or detect and correct financial misstatements.

*Cause:* Due to a system conversion and the District not obtaining sufficient training they were unable to identify and correct reconciliation discrepancies.

**ARCHULETA SCHOOL DISTRICT 50JT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2023**

*Effect:* Audit adjustments were proposed to properly state the financial statements as of June 30, 2023, in accordance with generally accepted accounting principles.

*Recommendation:* The District should strengthen internal controls with adopted policies and procedures to include a review process of monthly and year-end reconciliations of balance sheet accounts to ensure accurate financial statement reporting. The District is converting to a new system in fiscal year 2024 and should ensure complete training to identify system capabilities and implement reconciliation procedures accordingly.

*Management's Response:* See Corrective Action Plan

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

None

**Section IV – Prior Year Audit Findings**

None



## CORRECTIVE ACTION PLAN

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

Archuleta School District 50JT respectfully submits the following corrective action plan for the year ended June 30, 2023.

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

Audit period: Year ended June 30, 2023

The findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

### Section II – Financial Statement Findings

Finding 2023-001: Internal Control Over Financial Reporting

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

*Recommendation:* The District should strengthen its internal controls with adopted policies and procedures to include a review process of monthly and year-end reconciliations of balance sheet accounts to ensure accurate financial statement reporting. The District is converting to a new system in fiscal year 2024 and should ensure complete training to identify system capabilities and implement reconciliation procedures accordingly.



*Action Taken:* The District believes that the incorrect set-up and incorrect training in the previous financial system caused the problems identified above. The District knew that there were problems, but even after spending multiple days with staff from the Independent Auditors during the year, could not identify what was causing the problem or what corrections to make.

The new financial system, Skyward, was implemented as of January 1, 2024. This new system has included far more time and care in its implementation and far more training than was ever received from the prior system. The District is most appreciative that staff from Skyward have even taken the time to travel to Pagosa Springs to deliver intensive training, something the previous company never did.

The District will also implement and adhere to a new procedure where bank reconciliations are completed by staff on a monthly basis by the 15<sup>th</sup> of each month and shared with and signed-off by the Finance Director and Superintendent by the 20<sup>th</sup> of each month.

Regarding Payroll issues, the District has separated various insurance payments into separate accounts so that they may be more easily tracked and reconciled. Accounts Payable issues were the result of incorrect guidance received from our previous software vendor at the end of 2021-22 which was corrected for 2022-23. The biggest change for all non-bank reconciliations is that our new software vendor has provided training on how we can reconcile those items with our new software. Additionally, the new software has several utility functions that will allow the software to also identify potential problems.

If there are questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,

Mike Hodgson  
Finance Director  
Archuleta School Dist.50JT

Eric Burt  
Assistant Finance Director  
Archuleta School Dist. 50JT

Rick Holt  
Superintendent  
Archuleta School Dist. 50JT

**ARCHULETA SCHOOL DISTRICT 50 JT**

**CDE COMPLIANCE SECTION**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0220 - Archuleta County 50 Jt  
 Fiscal Year 2022-23  
 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
<b>Governmental</b>						
10 General Fund	9,393,713		19,177,951	18,981,892		9,589,772
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
<b>Sub-Total</b>	<b>9,393,713</b>		<b>19,177,951</b>	<b>18,981,892</b>		<b>9,589,772</b>
11 Charter School Fund	529,657		2,251,178	2,405,127		375,708
20:26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	373,520		725,488	763,741		335,267
22 Govt Designated-Purpose Grants Fund	0		3,309,880	3,309,880		0
23 Pupil Activity Special Revenue Fund	186,913		191,948	186,774		192,087
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	0		0	0		0
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	695,612		428,975	724,865		399,723
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
<b>Totals</b>	<b>11,179,415</b>		<b>26,085,419</b>	<b>26,372,278</b>		<b>10,892,556</b>
<b>Proprietary</b>						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60:65-69 Other Internal Service Funds	1,421,019		60,000	202,520		1,278,499
<b>Totals</b>	<b>1,421,019</b>		<b>60,000</b>	<b>202,520</b>		<b>1,278,499</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	303,443		9,372	7,188		305,628
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
<b>Totals</b>	<b>303,443</b>		<b>9,372</b>	<b>7,188</b>		<b>305,628</b>
<b>FINAL</b>						