

cPa DIXON, WALLER & CO., INC.

BACA COUNTY SCHOOL

DISTRICT RE-4

SPRINGFIELD, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2023

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
June 30, 2023

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BACA COUNTY SCHOOL DISTRICT RE-4
ROSTER OF SCHOOL OFFICIALS
June 30, 2023

BOARD OF EDUCATION

Tyler Gibson	President
Clinton Arbuthnot	Vice-President
Jennifer Esch	Secretary
Larkin Smith	Treasurer
Darrell Mackey	Member-Director

SCHOOL OFFICIALS

Shelly Swayne	Superintendent
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Baca County School District RE-4
Springfield, Colorado 81073

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County School District RE-4, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Baca County School District RE-4's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County School District RE-4, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baca County School District RE-4, 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 these 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 Baca County School District RE-4'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Baca County School District RE-4'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 Baca County School District RE-4'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 information, and pension and post employment benefits trend data 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 an opinion on the financial statements that collectively comprise Baca County School District RE-4's basic financial statements. The accompanying combining and individual fund financial statements, other schedules, state required schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, state required schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2023, on our consideration of Baca County School District RE-4'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 Baca County School District RE-4'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 Baca County School District RE-4's internal control over financial reporting and compliance.

Dixon, Waller & Co., Inc.

November 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

SPRINGFIELD SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

This Management's Discussion and Analysis (MD&A) of Springfield School District RE-4 is an element of the new reporting for the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements for State and Local Governments, issued June 1999. This discussion provides an overall review of the District's financial activities for the fiscal year ending June 30, 2023. The intent of this report is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the District's financial statements following this section.

The District implemented GASB 68 in 2015. The District had a net pension liability of \$5,080,559 at June 30, 2023. Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association, is recorded as a liability of the District.

The District implemented GASB 75 in 2018. The District had other post-employment benefits (OPEB) liability of \$173,137 on June 30, 2023. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association is recorded as a liability of the district. At the implementation beginning equity is restated and deferred inflows, outflows, and the net OPEB liability are reported. The beginning net position of governmental activities decreased as a result of this change.

FINANCIAL HIGHLIGHTS

The District's total combined assets were \$39,807,686 as of June 30, 2023. This substantial increase is due to an increase in capital assets obtained through a district-issued bond due to a BEST capital construction grant. The District's total liabilities were \$14,044,099, including a total net pension liability of \$5,080,559 (due to GASB 68 required reporting). The District's Net Investment in Capital Assets as of June 30, 2023, was \$24,043,516. This considerably larger total liability comes from the districts matching money bond indebtedness.

In the spring of 2020, the District was awarded a BEST Grant to construct a new school. The District's required match of \$5.99 million dollars will be paid with a 20-year bond which was approved by the public in November of 2020. The expenses incurred during construction will greatly impact the District's over the financial position.

The General Fund reported a fund balance of \$4,181,477 at the close of the fiscal year 2022-2023 which was \$529,221 higher than the previous year. The district strives to limit the spending of their reserves; which will eventually deplete the reserves. The district through these efforts has increased the reserves for the last many years.

OVERVIEW OF FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. A comparison to the prior year's activity is normally provided in this document. Since this is the first presentation of management's discussion and analysis, no comparison data is provided. The School Districts' basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial

SPRINGFIELD SCHOOL DISTRICT RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used in private sector companies. The statement of the net position includes all of the government's assets, liabilities, and deferred flows.

The district-wide statements report the Districts' net position and how it has changed. Net position is the difference between the Districts' assets, liabilities and deferred flows is one way to measure the District's financial health or position. Increases or decreases in the Districts' net position could indicate whether the district's financial health is improving or deteriorating. One needs to consider additional factors such as changes in the District's tax base, changes in student enrollment and the condition of school buildings.

The district-wide statements are divided into two categories: Governmental activities and Business-type Activities.

Governmental activities: Most of the Districts' basic services are included here, such as instruction, transportation, maintenance and operations, and administration. State funding from equalization and property taxes finances most of these activities. This information is comprised of all of the following Springfield School District funds – general fund, preschool fund, lunch fund, activity fund, and special revenue funds.

Business-type activities: The District charges fees to help cover the costs of certain services it provides.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Districts' funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other governments, uses fund accounting to ensure and demonstrate compliance. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds

Governmental Funds: Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. The food service fund is now included in governmental funds. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

SPRINGFIELD SCHOOL DISTRICT RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

NOTES TO THE FINANCIAL STATEMENTS

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

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the Districts' non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as an indicator of the District's financial position. The District's total net position on June 30, 2023, was \$26,123,869. Of the District's \$39,807,686 in assets, 60% reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment).

SPRINGFIELD SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Table 1:

NET POSITION	2023		2022	
	Governmental Activities	Total	Governmental Activities	Total
ASSETS				
Current and Other Assets	10,258,636	10,258,636	11,684,535	11,684,535
Capital Assets	29,549,050	29,549,050	13,482,154	13,482,154
Total Assets	39,807,686	39,807,686	25,166,689	25,166,689
DEFERRED OUTFLOW OF RESOURCES	1,169,214	1,169,214	938,164	938,164
LIABILITIES				
Current and Other Liabilities	3,284,869	3,284,869	3,143,777	3,143,777
Long Term Liabilities	5,505,534	5,505,534	5,749,035	5,749,035
Net Pension and OPEB Liability	5,253,696	5,253,696	4,019,977	4,019,977
Total Liabilities	14,044,099	14,044,099	12,912,789	12,912,789
DEFERRED INFLOW OF RESOURCES	808,932	808,932	1,900,411	1,900,411
NET POSITION				
Net Investment in Capital Assets	24,043,516	24,043,516	7,733,119	7,733,119
Restricted for:				
Tabor Reserve	534,000	534,000	372,000	372,000
Capital Outlay	1,869,122	1,869,122	4,231,644	4,231,644
Preschool	88,552	88,552	53,269	53,269
Debt Service	436,793	436,793	338,955	338,955
Food Service	157,008	157,008	140,295	140,295
Unrestricted	(1,005,122)	(1,005,122)	(1,577,629)	(1,577,629)
	26,123,869	26,123,869	11,291,653	11,291,653

SPRINGFIELD SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Table 2:
Changes in Net Position

	2023		2022	
	Governmental Activities	Total	Governmental Activities	Total
Revenues				
Charges for Services	61,806	61,806	52,248	52,248
Operating Grants and Contributions	1,007,314	1,007,314	1,089,693	1,089,693
Capital Grants and Contributions	13,761,342	13,761,342	8,570,979	8,570,979
Property taxes	1,384,483	1,384,483	1,293,198	1,293,198
Specific Ownership Taxes	130,380	130,380	123,797	123,797
Equalization	2,513,469	2,513,469	2,315,707	2,315,707
Earnings on investments	158,870	158,870	9,681	9,681
Other Revenues	219,802	219,802	33,620	33,620
Transfers	-	-	-	-
TOTAL REVENUES	19,237,466	19,237,466	13,488,923	13,488,923
Expenses				
Instructional services	2,276,394	2,276,394	2,324,453	2,324,453
Students	200,948	200,948	274,138	274,138
Instructional staff	81,319	81,319	83,225	83,225
District administration	289,478	289,478	285,603	285,603
School administration	255,711	255,711	170,385	170,385
Business	120,514	120,514	73,146	73,146
Operation and maintenance of facilities	680,723	680,723	401,623	401,623
Transportation	224,093	224,093	189,620	189,620
Central	28,245	28,245	24,722	24,722
Capital outlay	-	-	29,829	29,829
Interest	131,836	131,836	137,505	137,505
Pension and OPEB	(88,810)	(88,810)	(1,504,804)	(1,504,804)
Food Service	204,799	204,799	209,559	209,559
TOTAL EXPENSES	4,405,250	4,405,250	2,699,004	2,699,004
Increase (Decrease) in Net Position	14,832,216	14,832,216	10,789,919	10,789,919

SPRINGFIELD SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

GOVERNMENTAL ACTIVITIES

The table below illustrates the total cost of the district's major services. It also shows the net costs of these services. (Net cost would include all expenses for the particular service less any revenue received for the service).

The majority of the cost for these services is financed with state equalization and property taxes.

Table - 3 Governmental Activities by Major Function

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	2,276,394	1,548,097	2,120,849	1,559,469
Students	200,948	132,782	320,208	216,207
Instructional staff	81,319	78,444	70,056	70,056
District administration	289,478	278,391	203,767	203,767
School administration	255,711	244,972	156,408	156,408
Business	120,514	116,738	71,010	71,010
Operation and maintenance of facilities	680,723	671,706	398,982	398,982
Transportation	224,093	186,648	178,743	155,945
Central	28,245	28,245	35,585	35,585
Capital outlay	-	(13,761,342)	61,625	32,454
Interest	131,836	131,836	-	-
Pension and OPEB	(88,810)	(88,810)	(853,060)	(853,060)
Food Service	204,799	7,081	203,986	(7,970)
Total	4,405,250	(10,425,212)	2,968,159	2,038,853

The Districts' total revenues were \$19,237,466. A significant portion of the revenue comes from federal sources, other state aid, and charges for services, while (13%) comes from state aid (equalization), (8%) comes from local property taxes and other sources. The total cost of all programs and services is \$4,405,250. The bulk of these expenses (91%) was spent on instruction and support services. (Total revenue percentages vary from 2019-23 due to BEST Grant revenue and ESSER funding.

SPRINGFIELD SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

SPECIAL REVENUE ACTIVITIES

The food service fund is a special revenue fund. This program had revenues of \$198,276 and expenses of \$204,799. The District's lunch program is a recipient of federal food commodities and is greatly impacted when these commodities are not available to the district. The Food Service Fund was subsidized in part by General Fund money from seconds and staff duty reimbursements in 2022-2023. Revenues were impacted when the district was allowed to provide meals following SFSP funding guidelines as a result of COVID-19. The district participates in the National School Lunch Program and receives reimbursement for the meals that are served. During the school year, all student meals are fully funded by the Seamless Summer option through USDA. In 2004-2005 the district implemented a breakfast program that is also included in the National School Lunch Program.

FINANCIAL ANALYSIS OF THE DISTRICTS' FUNDS

State funding (equalization) for the General Fund and Colorado Preschool Project Fund is based on pupil count. Equalized funding (the per pupil amount set by the Colorado Department of Education funded with local property tax and state aid) increased for 2022-2023. The District receives full per-pupil funding for preschool students who qualify under the Universal Preschool opportunity in Colorado. All other students enrolled in the district are funded at 100% of the per-pupil rate. There were 294 students enrolled in Springfield School District RE-4 on October 1, 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the District did not do a supplemental budget. Actual expenditures (\$4,017,943) were below the budgeted amounts. Actual revenues (\$4,537,) were less than the budgeted amount. Because of COVID-19 the District received grant money from ESSER funds. This revenue was restricted to only COVID-related expenses to be expended by 09/30/2023 (FY 2022-2023). The district continues to maintain frugal spending habits in an effort to spend only the money that is collected in a year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$29,549,050.

SPRINGFIELD SCHOOL DISTRICT RE-4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Table 4: Capital Assets (Net of Depreciation)

	Governmental <u>2023</u>	Total <u>2023</u>	Governmental <u>2022</u>	Total <u>2022</u>
Land & Sites	-	-	-	-
Construction in Progress	27,861,554	27,861,554	11,742,126	11,742,126
Buildings & Improvements	3,608,573	3,608,573	3,608,573	3,608,573
Equipment & Vehicles	1,718,390	1,718,390	1,641,400	1,641,400
Accumulated Depreciation	(3,639,467)	(3,639,467)	(3,509,945)	(3,509,945)
Total Capital Assets	<u>29,549,050</u>	<u>29,549,050</u>	<u>13,482,154</u>	<u>13,482,154</u>

LONG-TERM DEBT

The District is responsible for future compensated absences (sick leave, vacation allowances, etc.). The amount due as of June 30, 2023 was \$16,016.

The District will be responsible for the repayment of the 5.99-million-dollar bond over the next 20 years. Long-term liabilities, including notes payable and capital lease obligations, are not due and payable in the current period and therefore not reported in current-year funds. The balance at June 30, 2023 was \$5,505,534.

ECONOMIC FACTORS AND NEXT YEARS' BUDGETS AND RATES

The budget for 2022-2023 will be impacted by a decrease in enrollment, an increase in staffing (due to the district's efforts to address the loss of learning during the COVID-19 pandemic), an increase in the minimum wage, utility costs, and the rising percentage that the District pays to the Public Employees Retirement Account (PERA). The budget will also be impacted by statewide budget cuts due to COVID-19. The budget stabilization factor will continue to lower the per pupil factor. The district received \$94,988 from SB17-267 to be used for technology and other classroom needs to improve instruction. These additional funds must be approved by the State Legislature each year. The District is committed to keeping the base salary for certified

SPRINGFIELD SCHOOL DISTRICT RE-4

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

employees to a level equal to or above the other districts in the area in order to obtain quality instructors. The District's goal is to monitor spending in the district to eliminate future years of spending more than the district receives. The District was awarded a BEST Grant for new construction and renovation in the amount of \$40,144,782. The District cost will be \$5,990,000 which the district will collect through a 20-year bond. In November 2020, the district passed a \$5.99 million 20-year bond to fund the district's portion of the BEST grant received in June 2020.

The Gallagher Amendment ratchets down local property taxes. The TABOR Amendment keeps property taxes down; Amendment 23 sets requirements for increasing school funding. In 2009, Amendment 23 was reinterpreted and allowed the legislature to cut funding from one year to the next. This budget stabilization factor is responsible for a reduction in per-pupil funding. With increased school funding required and declining property taxes, the state is required to make up for the differences on both ends.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. We understand that all of your questions may not have been answered in this report; therefore, we invite you to contact the Springfield School District Office at 389 Tipton Street, Springfield, Colorado, at 719-523-6654. You may talk directly to the Superintendent, Shelly Swayne, or the Business Manager, Julie Bengé.

BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	3,403,082	3,403,082
Investments	4,411,579	4,411,579
Accounts Receivable	2,291,942	2,291,942
Accrued Revenue	75,809	75,809
Property Taxes Receivable	69,203	69,203
Inventories	7,021	7,021
Prepaid Assets	-	-
Capital Assets	33,188,517	33,188,517
Accumulated Depreciation	<u>(3,639,467)</u>	<u>(3,639,467)</u>
<u>Total Assets</u>	<u>39,807,686</u>	<u>39,807,686</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	1,136,664	1,136,664
Other Post Employment Benefits	<u>32,550</u>	<u>32,550</u>
<u>Total Deferred Outflows</u>	<u>1,169,214</u>	<u>1,169,214</u>
<u>LIABILITIES</u>		
Accounts Payable	2,672,661	2,672,661
Accrued Salaries and Benefits	356,298	356,298
Accrued Interest	10,786	10,786
Grant Amounts Received in Advance	229,018	229,018
Compensated Absences	16,106	16,106
Noncurrent Liabilities:		
Matching Money Bonds Due Within One Year	249,226	249,226
Matching Money Bonds Due In More Than One Year	5,256,308	5,256,308
Net Pension Liability	5,080,559	5,080,559
Net Other Post Employment Benefits Liability	<u>173,137</u>	<u>173,137</u>
<u>Total Liabilities</u>	<u>14,044,099</u>	<u>14,044,099</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	738,513	738,513
Other Post Employment Benefits	<u>70,419</u>	<u>70,419</u>
<u>Total Deferred Inflows</u>	<u>808,932</u>	<u>808,932</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	24,043,516	24,043,516
Restricted for:		
TABOR Reserve	534,000	534,000
Preschool	88,552	88,552
Debt Service	436,793	436,793
Food Service	157,008	157,008
Capital Outlay	1,869,122	1,869,122
Unrestricted	<u>(1,005,122)</u>	<u>(1,005,122)</u>
<u>TOTAL NET POSITION</u>	<u>26,123,869</u>	<u>26,123,869</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Equivalents	239,329	2,267,317	426,793	469,643	3,403,082
Investments	4,411,579	-	-	-	4,411,579
Accounts Receivable	1,229	2,274,250	-	16,463	2,291,942
Accrued Revenue	75,809	-	-	-	75,809
Due from Other Funds	-	-	-	-	-
Property Taxes Receivable	41,070	-	28,133	-	69,203
Prepays	-	-	-	-	-
Inventories	-	-	-	7,021	7,021
Total Assets	<u>4,769,016</u>	<u>4,541,567</u>	<u>454,926</u>	<u>493,127</u>	<u>10,258,636</u>
LIABILITIES:					
Accounts Payable	-	2,672,445	-	-	2,672,445
Accrued Salaries and Benefits	340,769	-	-	15,529	356,298
Due to Other Funds	-	-	-	-	-
Grant Amounts Received in Advance	229,018	-	-	-	229,018
Other Liabilities	-	-	-	216	216
Total Liabilities	<u>569,787</u>	<u>2,672,445</u>	<u>-</u>	<u>15,745</u>	<u>3,257,977</u>
DEFERRED INFLOW OF RESOURCES:					
Property Tax	17,752	-	18,133	-	35,885
FUND BALANCES:					
Nonspendable					
Inventories and Prepays	-	-	-	7,021	7,021
Restricted:					
Emergency Reserve	534,000	-	-	-	534,000
Food Service	-	-	-	157,008	157,008
Preschool	88,552	-	-	-	88,552
Capital Outlay	-	1,869,122	-	-	1,869,122
Debt Service	-	-	436,793	-	436,793
Committed:					
Insurance	84,998	-	-	-	84,998
Capital Outlay	-	-	-	238,526	238,526
Assigned:					
Student Activities	-	-	-	74,827	74,827
Unassigned	3,473,927	-	-	-	3,473,927
Total Fund Balances	<u>4,181,477</u>	<u>1,869,122</u>	<u>436,793</u>	<u>477,382</u>	<u>6,964,774</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>4,769,016</u>	<u>4,541,567</u>	<u>454,926</u>	<u>493,127</u>	<u>10,258,636</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

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

<u>Total Fund Balance – Governmental Funds</u>	6,964,774
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$33,188,517 and the accumulated depreciation is \$3,639,467.	29,549,050
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” None of the deferred property tax revenue is available in the funds.	35,885
Accrued interest payable on long-term liabilities is not recorded in the funds.	(10,786)
Long-term liabilities, including notes payable and capital lease obligations are not due and payable in the current period and therefore are not reported in funds.	(5,505,534)
Compensated absences are not reported as a liability in the funds.	(16,106)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(5,080,559)
Net Other Post Employment Benefits Liability	(173,137)
Deferred Outflows	1,169,214
Deferred Inflows	<u>(808,932)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>26,123,869</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
Property Taxes	928,618	-	466,264	-	1,394,882
Specific Ownership Taxes	130,380	-	-	-	130,380
Earnings on Investments	150,808	-	5,910	2,152	158,870
Other Local Sources	61,052	-	1,462	173,654	236,168
State Aid	2,856,270	13,493,327	-	2,541	16,352,138
Federal Aid	410,373	-	-	399,187	809,560
<u>Total Revenues</u>	<u>4,537,501</u>	<u>13,493,327</u>	<u>473,636</u>	<u>577,534</u>	<u>19,081,998</u>
<u>EXPENDITURES</u>					
Current:					
Instructional Services	2,167,932	-	-	33,784	2,201,716
Supporting Services:					
Students	135,321	-	-	65,627	200,948
Instructional Staff	81,319	-	-	-	81,319
District Administration	289,478	-	-	-	289,478
School Administration	255,711	-	-	-	255,711
Business	120,514	-	-	-	120,514
Operation & Maintenance of Facilities	676,895	-	-	-	676,895
Transportation	262,528	-	-	-	262,528
Food Service	-	-	-	200,271	200,271
Central	28,245	-	-	-	28,245
Debt Service:					
Principal	-	-	243,501	-	243,501
Interest	-	-	132,297	-	132,297
Capital Outlay	-	15,855,849	-	263,579	16,119,428
<u>Total Expenditures</u>	<u>4,017,943</u>	<u>15,855,849</u>	<u>375,798</u>	<u>563,261</u>	<u>20,812,851</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>519,558</u>	<u>(2,362,522)</u>	<u>97,838</u>	<u>14,273</u>	<u>(1,730,853)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers	(155,844)	-	-	155,844	-
Matching Money Bond Proceeds	-	-	-	-	-
Insurance Proceeds	165,507	-	-	-	165,507
<u>Total Other Financing Sources (Uses)</u>	<u>9,663</u>	<u>-</u>	<u>-</u>	<u>155,844</u>	<u>165,507</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>529,221</u>	<u>(2,362,522)</u>	<u>97,838</u>	<u>170,117</u>	<u>(1,565,346)</u>
<u>FUND BALANCES – BEGINNING</u>	<u>3,652,256</u>	<u>4,231,644</u>	<u>338,955</u>	<u>307,265</u>	<u>8,530,120</u>
<u>FUND BALANCES –ENDING</u>	<u>4,181,477</u>	<u>1,869,122</u>	<u>436,793</u>	<u>477,382</u>	<u>6,964,774</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
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

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

Net Change in Fund Balances – Total Governmental Funds (1,565,346)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays more than \$5,000	16,196,418	
Depreciation Expense	<u>(129,522)</u>	16,066,896

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred inflows in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred inflows changed by this amount. (10,039)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Funds record interest for amounts paid in the period.

Repayment of Debt Principal	243,501	
Change in Interest Accrued	<u>461</u>	243,962

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. 7,933

The increase or decrease in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

Pension	65,671	
Other Post Employment Benefits	<u>23,139</u>	<u>88,810</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 14,832,216

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

NOTES TO BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Baca County School District RE-4 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with five members.

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

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

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

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

- Major Governmental Funds

General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Capital Project Fund – used to account for building and facility construction and improvement funded by debt and grants.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2022 but uncollected in 2023 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2023 are recorded as deferred inflows in the fund financial statements, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-50 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Deferred Outflows / Inflows of Resources

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position.

The District records long-term debt of governmental funds at the face value. Notes payable and capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

K. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

In November of 1996 the registered voters approved a ballot resolution authorizing Baca County School District RE-4 to collect, retain and expend (during 1996 and beyond) all revenues from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending. As of June 30, 2023 the District reserved \$534,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2022 property tax calendar for Baca County was as follows:

Levy Date	December 15, 2022
Lien Date	January 1, 2023
Tax Bills Mailed	January 1, 2023
First Installment Due	February 28, 2023
Second Installment Due	June 15, 2023
If Paid in Full, Due	April 30, 2023
Tax Sale – 2021 Delinquent Property Taxes	October 25, 2022

M. Accumulated Sick Leave

District policy allows for the accumulation of staff leave. Staff with five years of service are paid an amount of money equal to their number of unused leave days in excess of five times \$25 per day when there is a separation from service.

Compensated absences are reported as non-current liabilities in the government-wide financial statements. As of June 30, 2023, the District has recorded an estimated liability of \$16,106 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Accumulated Sick Leave	<u>24,039</u>	<u>-</u>	<u>7,933</u>	<u>16,106</u>

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Food Service Fund</u>	<u>Capital Project Fund</u>	<u>Capital Reserve Capital Project Fund</u>	<u>Student Activity Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:							
Inventories and Prepaids	-	-	7,021	-	-	-	7,021
Restricted:							
Emergencies	534,000	-	-	-	-	-	534,000
Preschool	88,552	-	-	-	-	-	88,552
Food Service	-	-	157,008	-	-	-	157,008
Capital Outlay	-	-	-	1,869,122	-	-	1,869,122
Debt Service	-	436,793	-	-	-	-	436,793
Committed:							
Insurance	84,998	-	-	-	-	-	84,998
Capital Outlay	-	-	-	-	238,526	-	238,526
Assigned:							
Student Activities	-	-	-	-	-	74,827	74,827
Unassigned	<u>3,473,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,473,927</u>
Total Fund Balances	<u>4,181,477</u>	<u>436,793</u>	<u>164,029</u>	<u>1,869,122</u>	<u>238,526</u>	<u>74,827</u>	<u>6,964,774</u>

Q. Recently Adopted Accounting Pronouncements:

On July 1, 2022 Baca County School District RE-4 adopted GASB 96, Subscription-Based Information Technology Arrangements. The District will comply with GASB 96 on any long term subscription-based information technology arrangements that are individually or aggregately material to the financial statements.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

<u>Items Eliminated</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	155,844
Food Service Fund	16,967	
Capital Reserve Capital Project Fund	<u>138,877</u>	-
	<u>155,844</u>	<u>155,844</u>

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General, Special Revenue, Debt Service and Capital Project Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

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

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 4 CASH AND INVESTMENTS (Continued)

At June 30, 2023, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	488,526	489,426
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	196,162	446,581
Cash with County Treasurer	26,949	-
Cash Equivalent – BEST BOND	2,691,445	-
Cash on Hand	-	-
<u>Total Cash and Deposits</u>	<u>3,403,082</u>	<u>936,007</u>

As presented above, deposits with a bank balance of \$446,581 and a carrying balance of \$196,162 as of June 30, 2023 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2023, the District had the following investments:

	<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	External Investment Pool	Under 60 Day Average	\$4,411,579

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The investment of COLOTRUST is rated AAAM by Standard and Poor's.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of June 30, 2023:

- ColoTrust Investment Pool

Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<u>Non-Depreciable Assets:</u>				
Construction in Progress	11,742,126	16,119,428	-	27,861,554
<u>Total Non-Depreciable Assets</u>	<u>11,742,126</u>	<u>16,119,428</u>	<u>-</u>	<u>27,861,554</u>
<u>Depreciable Assets:</u>				
Buildings & Site Improvements	3,608,573	-	-	3,608,573
Vehicles	705,022	76,990	-	782,012
Equipment	936,378	-	-	936,378
<u>Total Depreciable Assets</u>	<u>5,249,973</u>	<u>76,990</u>	<u>-</u>	<u>5,326,963</u>
<u>Less Accumulated Depreciation for:</u>				
Building & Site Improvements	2,413,300	63,852	-	2,477,152
Vehicles	437,050	38,555	-	475,605
Equipment	659,595	27,115	-	686,710
<u>Total Accumulated Depreciation</u>	<u>3,509,945</u>	<u>129,522</u>	<u>-</u>	<u>3,639,467</u>
 <u>Total Capital Assets, Net</u>	 <u>13,482,154</u>	 <u>16,066,896</u>	 <u>-</u>	 <u>29,549,050</u>

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

Governmental Activities:

Instruction	82,611
Food Service	4,528
Operations and Maintenance	3,828
Transportation	<u>38,555</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>129,522</u>

NOTE 6 INTERFUND ACTIVITY

<u>Fund</u>	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General	-	155,844
Food Service	16,967	-
Capital Reserve Capital Projects	<u>138,877</u>	<u>-</u>
	<u>155,844</u>	<u>155,844</u>

Transfers were made to support operations in the year ended June 30, 2023. Due To Other Funds are paid in the upcoming period.

NOTE 7 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 or ten months. The salaries and benefits earned, but unpaid at June 30, 2023, are estimated to be \$356,298. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 8 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 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.

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

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

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

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

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, Baca County School District RE-4 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	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 PENSION PLAN (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Baca County School District RE-4 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Baca County School District RE-4 were \$443,428 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 a \$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.

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 Baca County School District RE-4 proportion of the net pension liability was based on Baca County School District RE-4 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 Baca County School District RE-4 reported a liability of \$5,080,559 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 Baca County School District RE-4 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 Baca County School District RE-4 were as follows:

Baca County School District RE-4 proportionate share of the net pension liability	\$ 5,080,559
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Baca County School District RE-4	\$ 1,480,526
Total	\$ 6,561,085

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 PENSION PLAN (Continued)

At December 31, 2022, the Baca County School District RE-4 proportion was 0.028%, which was a decrease of 0.005% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Baca County School District RE-4 recognized pension income of \$65,671 and revenue of \$126,251 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Baca County School District RE-4 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	48,082	-
Changes of assumptions or other inputs	89,993	-
Net difference between projected and actual earnings on pension plan investments	682,506	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	94,913	(738,513)
Contributions subsequent to the measurement date	221,170	N/A
Total	1,136,664	(738,513)

\$221,170 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:

Year ended June 30, 2023	
2024	(227,799)
2025	(164,969)
2026	172,765
2027	396,984
2028	-
Thereafter	-

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 PENSION PLAN (Continued)

Actuarial assumptions. The TPL 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 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*	Financed by the AIR

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 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.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

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:

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

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 PENSION PLAN (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- 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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP 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 Baca County School District RE-4 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:

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 PENSION PLAN (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	6,648,705	5,080,559	3,770,998

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

Funding Policy – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$5,355.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Baca County School District RE-4 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Baca County School District RE-4 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Baca County School District RE-4 were \$22,193 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 Baca County School District RE-4 reported a liability of \$173,137 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 Baca County School District RE-4 proportion of the net OPEB liability was based on Baca County School District RE-4 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 Baca County School District RE-4 proportion was 0.021%, which was a decrease of 0.0003% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Baca County School District RE-4 recognized OPEB income of \$23,139. At June 30, 2023, the Baca County School District RE-4 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	22	(41,870)
Changes of assumptions or other inputs	2,783	(19,109)
Net difference between projected and actual earnings on OPEB plan investments	10,575	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,101	(9,440)
Contributions subsequent to the measurement date	11,069	N/A
Total	32,550	(70,419)

\$11,069 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:

Year ended June 30, 2023	
2024	(17,111)
2025	(16,992)
2026	(8,616)
2027	(291)
2028	(4,772)
Thereafter	(1,156)

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

<u>Age-Related Morbidity Assumptions</u>		
Participant	Annual Increase	Annual Increase
Age	(Male)	(Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO(Kaiser) with Medicare Part A	
Age	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	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO(Kaiser) without Medicare Part A	
Age	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 premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2021, 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.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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:

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

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

Sensitivity of the Baca County School District RE-4 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:

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

	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	\$168,237	\$173,137	\$178,470

*For the January 1, 2023, plan year.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$200,718	\$173,137	\$149,548

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

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 10 JOINT VENTURE

Not reflected in the accompanying financial statements is the District's participation in the Southeastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2022, the latest year for which audited information is available, is as follows:

Assets	2,060,708
Deferred Outflows	753,067
Liabilities	3,325,809
Deferred Inflows	<u>1,416,271</u>
Net Position	<u>(1,928,305)</u>
Revenues	3,533,618
Expenses	<u>3,090,460</u>
Change in Net Position	<u>443,158</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. An audited financial statement is filed annually with the office of the Colorado State Auditor.

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 12 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2023.

An audited summary of the Colorado School District's Pool financial information at June 30, 2022 and for the year then ended (latest information available) follows:

Total Assets	<u>77,006,177</u>
Total Liabilities	<u>41,993,151</u>
Total Equity	<u>35,013,026</u>
Revenue	32,943,304
Underwriting Expenses	<u>36,961,713</u>
Underwriting Gain (Loss)	(4,018,409)
Net Investment Income	568,666
Other Income	<u>19,428</u>
Net Income (Loss) Before Dividend	(3,430,315)
Dividend	<u>-</u>
Net Income (Loss)	(3,430,315)
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>-</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>35,013,026</u>

NOTE 13 LONG-TERM DEBT

In November 2020, the voters of the District approved a bond issue in the amount of \$5,990,000 to supplement a BEST grant awarded by the State of Colorado to build and improve buildings on existing District land. Principal payments are due each December 1, and interest payments are due on June 1 and December 1 each year. The bond matures on December 1, 2040. The stated coupon rate is 2.351%.

BACA COUNTY SCHOOL DISTRICT RE-4
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 13 LONG-TERM DEBT (Continued)

The debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	249,226	126,506	375,732
2025	255,085	120,577	375,662
2026	261,082	114,510	375,592
2027	267,220	108,299	375,519
2028	273,502	101,943	375,445
2029-2033	1,467,039	409,019	1,876,058
2034-2038	1,647,791	226,142	1,873,933
2039-2041	<u>1,084,589</u>	<u>38,643</u>	<u>1,123,232</u>
	<u>5,505,534</u>	<u>1,245,639</u>	<u>6,751,173</u>

Changes in Long-Term Debt:

	<u>Beginning Balance 7-1-2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6-30-2023</u>	<u>Due Within One Year</u>
BEST Matching Money Bond	<u>5,749,035</u>	<u> -</u>	<u>243,501</u>	<u>5,505,534</u>	<u>249,226</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFITS TREND DATA

GENERAL AND MAJOR SPECIAL REVENUE FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

BACA COUNTY SCHOOL DISTRICT RE-4
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
<u>Local Sources</u>	<u>Original</u>	<u>Final</u>		
Property Taxes	902,888	902,888	928,618	25,730
Specific Ownership Taxes	118,278	118,278	130,380	12,102
Earnings on Investments	3,035	3,035	150,808	147,773
Delinquent Taxes & Interest	4,000	4,000	4,017	17
Other	65,052	65,052	57,035	(8,017)
<u>State Sources</u>				
Equalization	2,437,832	2,437,832	2,513,469	75,637
Transportation	24,836	24,836	32,178	7,342
Vocational Education	19,720	19,720	17,325	(2,395)
Special Education	34,224	34,224	41,125	6,901
Other	310,986	310,986	252,173	(58,813)
<u>Federal Sources</u>				
Designated Purpose Grants	406,630	406,630	410,373	3,743
Other	-	-	-	-
<u>TOTAL REVENUES</u>	<u>4,327,481</u>	<u>4,327,481</u>	<u>4,537,501</u>	<u>210,020</u>
 <u>EXPENDITURES</u>				
<u>Instruction</u>				
Salaries	1,580,284	1,580,284	1,411,535	168,749
Employee Benefits	473,037	473,037	470,720	2,317
Purchased Services - Professional	23,997	23,997	23,997	-
Purchased Services – Property	39,230	39,230	35,710	3,520
Purchased Services – Other	88,677	88,677	73,839	14,838
Supplies and Materials	142,739	142,739	82,063	60,676
Property	156,294	156,294	58,492	97,802
Other Objects	6,670	6,670	11,576	(4,906)
<u>Total Instruction</u>	<u>2,510,928</u>	<u>2,510,928</u>	<u>2,167,932</u>	<u>342,996</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	60,325	60,325	51,243	9,082
Employee Benefits	17,854	17,854	14,260	3,594
Purchased Services – Professional	60,747	60,747	62,125	(1,378)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,725	5,725	3,909	1,816
Supplies and Materials	4,550	4,550	3,784	766
Property	1,500	1,500	-	1,500
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>150,701</u>	<u>150,701</u>	<u>135,321</u>	<u>15,380</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
<u>Instructional Staff</u>				
Salaries	57,669	57,669	48,690	8,979
Employee Benefits	17,286	17,286	16,817	469
Purchased Services – Professional	-	-	5,646	(5,646)
Purchased Services – Property	100	100	75	25
Purchased Services – Other	-	-	-	-
Supplies and Materials	10,450	10,450	10,091	359
Property	300	300	-	300
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>85,805</u>	<u>85,805</u>	<u>81,319</u>	<u>4,486</u>
<u>General Administration</u>				
Salaries	185,374	185,374	187,776	(2,402)
Employee Benefits	59,882	59,882	61,941	(2,059)
Purchased Services – Professional	15,750	15,750	20,951	(5,201)
Purchased Services – Other	1,800	1,800	1,379	421
Supplies and Materials	6,490	6,490	6,739	(249)
Property	250	250	368	(118)
Other Objects	12,500	12,500	10,324	2,176
<u>Total General Administration</u>	<u>282,046</u>	<u>282,046</u>	<u>289,478</u>	<u>(7,432)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	166,350	166,350	181,892	(15,542)
Employee Benefits	53,739	53,739	55,277	(1,538)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	1,950	1,950	1,315	635
Purchased Services – Other	10,850	10,850	9,313	1,537
Supplies and Materials	6,950	6,950	7,156	(206)
Property	500	500	-	500
Other Objects	1,150	1,150	758	392
<u>Total School Administration</u>	<u>241,489</u>	<u>241,489</u>	<u>255,711</u>	<u>(14,222)</u>
<u>Business Services</u>				
Salaries	49,083	49,083	63,950	(14,867)
Employee Benefits	15,381	15,381	23,052	(7,671)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	12,100	12,100	27,890	(15,790)
Purchased Services – Other	1,950	1,950	386	1,564
Supplies and Materials	2,000	2,000	2,208	(208)
Property	500	500	2,144	(1,644)
Other Objects	250	250	884	(634)
<u>Total Business Services</u>	<u>81,264</u>	<u>81,264</u>	<u>120,514</u>	<u>(39,250)</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Operations and Maintenance</u>				
Salaries	131,017	131,017	152,730	(21,713)
Employee Benefits	32,423	32,423	43,731	(11,308)
Purchased Services – Professional	500	500	996	(496)
Purchased Services – Property	39,400	39,400	193,529	(154,129)
Purchased Services – Other	122,300	122,300	117,988	4,312
Supplies and Materials	117,329	117,329	144,249	(26,920)
Property	14,396	14,396	23,672	(9,276)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>457,365</u>	<u>457,365</u>	<u>676,895</u>	<u>(219,530)</u>
<u>Student Transportation</u>				
Salaries	93,848	93,848	89,227	4,621
Employee Benefits	21,323	21,323	25,702	(4,379)
Purchased Services – Professional	2,150	2,150	1,469	681
Purchased Services – Property	8,500	8,500	30,568	(22,068)
Purchased Services – Other	2,200	2,200	817	1,383
Supplies and Materials	32,750	32,750	33,672	(922)
Property	183,269	183,269	79,490	103,779
Other Objects	-	-	1,583	(1,583)
<u>Total Student Transportation</u>	<u>344,040</u>	<u>344,040</u>	<u>262,528</u>	<u>81,512</u>
<u>Central Support</u>				
Purchased Services – Other	30,344	30,344	28,245	2,099
Property	-	-	-	-
Other	15,500	15,500	-	15,500
<u>Total Central Support</u>	<u>45,844</u>	<u>45,844</u>	<u>28,245</u>	<u>17,599</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,688,554</u>	<u>1,688,554</u>	<u>1,850,011</u>	<u>(161,457)</u>
<u>Appropriated Reserves</u>	<u>2,817,589</u>	<u>2,817,589</u>	<u>-</u>	<u>2,817,589</u>
<u>TOTAL EXPENDITURES</u>	<u>7,017,071</u>	<u>7,017,071</u>	<u>4,017,943</u>	<u>2,999,128</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(2,689,590)</u>	<u>(2,689,590)</u>	<u>519,558</u>	
<u>Other Financing Sources (Uses)</u>				
Transfers	(403,529)	(403,529)	(155,844)	247,685
Insurance Proceeds	-	-	165,507	165,507
<u>Total Other Financing Sources (Uses)</u>	<u>(403,529)</u>	<u>(403,529)</u>	<u>9,663</u>	<u>413,192</u>
<u>Revenues and Sources Over (Under) Expenditures and Uses</u>	<u>(3,093,119)</u>	<u>(3,093,119)</u>	<u>529,221</u>	
<u>FUND BALANCE, July 1</u>	<u>3,093,119</u>	<u>3,093,119</u>	<u>3,652,256</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>4,181,477</u>	

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

BACA COUNTY SCHOOL DISTRICT RE-4
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0280%	0.0329%	0.0358%	0.0332%	0.0332%	0.0372%	0.0375%	0.0380%	0.0405%	0.0309%
District's proportionate share of the net pension liability (asset)	\$5,080,559	\$3,834,464	\$5,425,807	\$4,962,621	\$5,880,041	\$12,019,643	\$11,166,973	\$5,811,557	\$5,491,966	\$4,978,810
State's proportionate share of the net pension liability associated with the District**	\$1,480,526	\$439,572	-	\$629,444	\$804,014	-	-	-	-	-
District's covered payroll	\$2,175,798	\$2,089,976	\$2,019,068	\$1,964,338	\$1,914,588	\$1,747,330	\$1,696,245	\$1,653,329	\$1,669,754	\$1,656,317
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	233%	185%	268%	253%	307%	688%	658%	352%	329%	301%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%	62.80%	64.06%

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

BACA COUNTY SCHOOL DISTRICT RE-4
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 443,428	\$ 415,487	\$ 401,391	\$ 380,689	\$ 366,261	\$ 329,940	\$ 311,778	\$ 293,216	\$ 281,895	\$ 265,134
Contributions in relation to the contractually required contributions	<u>\$ (443,428)</u>	<u>\$ (415,487)</u>	<u>\$ (401,391)</u>	<u>\$ (380,689)</u>	<u>\$ (366,261)</u>	<u>\$ (329,940)</u>	<u>\$ (311,778)</u>	<u>\$ (293,216)</u>	<u>\$ (281,895)</u>	<u>\$ (265,134)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$2,175,798	\$2,089,976	\$2,019,068	\$1,964,388	\$1,914,588	\$1,747,330	\$1,696,245	\$1,653,329	\$1,669,754	\$1,656,317
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	16.01%

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

BACA COUNTY SCHOOL DISTRICT RE-4
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net OPEB liability (asset)	0.0212%	0.0215%	0.0207%	0.0217%	0.0215%	0.0211%	0.0213%	-	-	-
	\$ 173,137	\$ 185,513	\$ 197,123	\$ 244,012	\$ 293,672	\$ 274,478	\$ 276,406	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$ 2,175,798	\$ 2,089,976	\$ 2,019,068	\$ 1,964,338	\$ 1,914,588	\$ 1,747,330	\$ 1,696,245	-	-	-
District's covered payroll	7.95%	8.87%	9.76%	12.42%	15.34%	15.71%	16.30%	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.71%	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability										

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

BACA COUNTY SCHOOL DISTRICT RE-4
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 22,193	\$ 21,318	\$ 20,595	\$ 20,036	\$ 19,528	\$ 17,823	\$ 17,302	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (22,193)</u>	<u>\$ (21,318)</u>	<u>\$ (20,595)</u>	<u>\$ (20,036)</u>	<u>\$ (19,528)</u>	<u>\$ (17,823)</u>	<u>\$ (17,302)</u>	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-
District's covered payroll	\$2,175,798	\$2,089,976	\$2,019,068	\$1,964,338	\$1,914,588	\$1,747,330	\$1,696,245	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

AND

OTHER SCHEDULES

SPECIAL REVENUE FUND

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Student Activity Fund – The District holds assets in trust for various student clubs and organizations and oversees activities expenditures.

CAPITAL PROJECT FUND

Capital Reserve Capital Project Fund – This fund is used to pay for capital items and projects funded by grants, donations and transfers from the General Fund.

Building Fund – Proceeds from debt and grants received to fund a building project and their expenditures are recorded in this fund.

DEBT SERVICE FUND

Bond Redemption Fund – This fund is used to record the taxes received from levies to pay general obligation debt. The payment of the principal and interest from those receipts is recorded here.

BACA COUNTY SCHOOL DISTRICT RE-4
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2023

	Special Revenue		Capital Project Capital Reserve Capital Project	Total Nonmajor Governmental Funds
	Food Service	Student Activity		
<u>ASSETS</u>				
Cash	156,290	74,827	238,526	469,643
Investments	-	-	-	-
Accounts Receivable	16,463	-	-	16,463
Accrued Revenue	-	-	-	-
Due from Other Funds	-	-	-	-
Inventories	<u>7,021</u>	<u>-</u>	<u>-</u>	<u>7,021</u>
<u>Total Assets</u>	<u>179,774</u>	<u>74,827</u>	<u>238,526</u>	<u>493,127</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	-	-	-	-
Accrued Salaries	15,529	-	-	15,529
Due to Other Funds	-	-	-	-
Other Liabilities – Meal Deposits	<u>216</u>	<u>-</u>	<u>-</u>	<u>216</u>
<u>Total Liabilities</u>	<u>15,745</u>	<u>-</u>	<u>-</u>	<u>15,745</u>
 <u>Fund Balances</u>				
Nonspendable:				
Inventories	7,021	-	-	7,021
Restricted:				
Food Service	157,008	-	-	157,008
Committed:				
Capital Outlay	-	-	238,526	238,526
Assigned:				
Student Activities	<u>-</u>	<u>74,827</u>	<u>-</u>	<u>74,827</u>
<u>Total Fund Balances</u>	<u>164,029</u>	<u>74,827</u>	<u>238,526</u>	<u>477,382</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>179,774</u>	 <u>74,827</u>	 <u>238,526</u>	 <u>493,127</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2023

	<u>Special Revenue</u>		<u>Capital Project</u>	<u>Total</u>
	<u>Food</u>	<u>Student</u>	<u>Capital Reserve</u>	<u>Nonmajor</u>
	<u>Service</u>	<u>Activity</u>	<u>Capital Project</u>	<u>Funds</u>
<u>REVENUES</u>				
Earnings on Investments	559	235	1,358	2,152
Other Local Sources	42,393	109,650	21,611	173,654
State Aid	2,541	-	-	2,541
Federal Aid	<u>152,783</u>	<u>-</u>	<u>246,404</u>	<u>399,187</u>
<u>Total Revenues</u>	<u>198,276</u>	<u>109,885</u>	<u>269,373</u>	<u>577,534</u>
 <u>EXPENDITURES</u>				
Current:				
Instructional Services	-	33,784	-	33,784
Supporting Services:				
Students	-	65,627	-	65,627
Food Service	200,271	-	-	200,271
Capital Outlay	<u>-</u>	<u>-</u>	<u>263,579</u>	<u>263,579</u>
<u>Total Expenditures</u>	<u>200,271</u>	<u>99,411</u>	<u>263,579</u>	<u>563,261</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	(1,995)	10,474	5,794	14,273
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>16,967</u>	<u>-</u>	<u>138,877</u>	<u>155,844</u>
 <u>NET CHANGE IN FUND BALANCES</u>				
	14,972	10,474	144,671	170,117
 <u>FUND BALANCE, Beginning</u>				
	<u>149,057</u>	<u>64,353</u>	<u>93,855</u>	<u>307,265</u>
 <u>FUND BALANCE, Ending</u>				
	<u>164,029</u>	<u>74,827</u>	<u>238,526</u>	<u>477,382</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	46,885	42,279	(4,606)
Earnings on Investments	350	559	209
Other	1,000	114	(886)
<u>State Sources</u>			
School Lunches and Breakfast	2,919	2,541	(378)
<u>Federal Sources</u>			
School Lunches and Breakfast	124,674	145,233	20,559
Commodities	<u>3,500</u>	<u>7,550</u>	<u>4,050</u>
<u>Total Revenues</u>	<u>179,328</u>	<u>198,276</u>	<u>18,948</u>
 <u>EXPENDITURES</u>			
Salaries	90,635	81,120	9,515
Employee Benefits	24,614	22,285	2,329
Purchased Services – Professional	-	-	-
Purchased Services – Property	1,700	1,354	346
Purchased Services - Other	2,000	713	1,287
Food Purchases	102,451	85,387	17,064
Capital Outlay	3,000	-	3,000
Commodities	400	5,680	(5,280)
Non-Food Supplies	5,100	3,732	1,368
Appropriated Reserves	<u>81,276</u>	<u>-</u>	<u>81,276</u>
<u>Total Expenditures</u>	<u>311,176</u>	<u>200,271</u>	<u>110,905</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(131,848)	(1,995)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>3,000</u>	<u>16,967</u>	<u>13,967</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(128,848)	14,972	
<u>FUND BALANCE, July 1</u>	<u>128,848</u>	<u>149,057</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>164,029</u>	

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

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STUDENT ACTIVITY FUND – SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	-	235	235
Other Local	<u>293,211</u>	<u>109,650</u>	<u>(183,561)</u>
Total Revenues	<u>293,211</u>	<u>109,885</u>	<u>(183,326)</u>
<u>EXPENDITURES:</u>			
Instruction	-	33,784	(33,784)
Support Services	<u>293,211</u>	<u>65,627</u>	<u>227,584</u>
Total Expenditures	<u>293,211</u>	<u>99,411</u>	<u>193,800</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	10,474	
<u>TRANSFERS</u>	-	-	-
<u>FUND BALANCE, July 1</u>	-	<u>64,353</u>	
<u>FUND BALANCE, June 30</u>	-	<u>74,827</u>	

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

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL RESERVE - CAPITAL PROJECT FUND
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	110	1,358	1,248
Other - Local Revenue	-	21,611	21,611
Grants	<u>3,676,353</u>	<u>246,404</u>	<u>(3,429,949)</u>
<u>Total Revenues</u>	<u>3,676,463</u>	<u>269,373</u>	<u>(3,407,090)</u>
<u>EXPENDITURES</u>			
Land and Sites	-	-	-
Building and Improvements	4,146,390	263,579	3,882,811
Transportation Equipment	-	-	-
Equipment	-	-	-
Debt Service	-	-	-
Appropriated Reserves	<u>43,697</u>	<u>-</u>	<u>43,697</u>
<u>Total Expenditures</u>	<u>4,190,087</u>	<u>263,579</u>	<u>3,926,508</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(513,624)	5,794	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>400,530</u>	<u>138,877</u>	<u>(261,653)</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(113,094)	144,671	
<u>FUND BALANCE, July 1</u>	<u>113,094</u>	<u>93,855</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>238,526</u>	

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

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING FUND – CAPITAL PROJECT FUND
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Other Local Revenue	-	-	-
State Grant Revenue	<u>27,577,389</u>	<u>13,493,327</u>	<u>(14,084,062)</u>
<u>Total Revenues</u>	<u>27,577,389</u>	<u>13,493,327</u>	<u>(14,084,062)</u>
<u>EXPENDITURES</u>			
Building and Site Improvements	32,405,366	15,855,849	16,549,517
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>32,405,366</u>	<u>15,855,849</u>	<u>16,549,517</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(4,827,977)</u>	<u>(2,362,522)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Matching Money Bond Proceeds	-	-	-
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>(4,827,977)</u>	<u>(2,362,522)</u>	
<u>FUND BALANCE, July 1</u>	<u>4,827,977</u>	<u>4,231,644</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>1,869,122</u>	

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

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BOND REDEMPTION – DEBT SERVICE FUND
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Property Taxes	378,660	466,264	87,604
Specific Ownership Taxes	-	-	-
Other Local Sources	1,500	1,462	(38)
Earnings on Investments	<u>60</u>	<u>5,910</u>	<u>5,850</u>
<u>Total Revenues</u>	<u>380,220</u>	<u>473,636</u>	<u>93,416</u>
 <u>EXPENDITURES</u>			
Debt Service			
Principal	243,501	243,501	-
Interest	132,297	132,297	-
Other Fees	750	-	750
Appropriated Reserves	<u>299,580</u>	<u>-</u>	<u>299,580</u>
<u>Total Expenditures</u>	<u>676,128</u>	<u>375,798</u>	<u>300,330</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(295,908)</u>	 <u>97,838</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 <u>(295,908)</u>	 <u>97,838</u>	
 <u>FUND BALANCE, July 1</u>	 <u>295,908</u>	 <u>338,955</u>	
 <u>FUND BALANCE, June 30</u>	 <u>-</u>	 <u>436,793</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 0250 - Springfield RE-4
 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
Governmental							
01 - General Fund	3,553,234		4,176,825		3,692,133		4,007,926
02 - Special Services Fund	40,773		286,027		246,781		84,959
03 - Capital Construction Fund	53,267		122,669		87,365		88,552
Multi-Fund	3,653,256		4,565,581		4,016,360		4,181,477
04 - Special Services Fund	0		0		0		0
05 - Special Services Fund	0		0		0		0
06 - Supplemental Programs - Main Fund	0		0		0		0
07 - Special Programs - Main Fund	0		0		0		0
08 - Special Services - Special Fund	149,057		215,243		200,271		164,029
09 - Special Services - Special Fund	0		0		0		0
10 - Special Services - Special Fund	64,353		109,885		99,410		74,827
11 - Special Services - Special Fund	0		0		0		0
12 - Special Services - Special Fund	330,955		473,636		375,758		436,793
13 - Special Services - Special Fund	0		0		0		0
14 - Special Services - Special Fund	4,231,644		13,493,327		15,855,649		1,869,122
15 - Special Services - Special Fund	0		0		0		0
16 - Special Services - Special Fund	93,855		406,251		263,579		238,526
Totals	8,530,119		19,245,923		20,811,267		6,964,775
Proprietary							
17 - Special Services - Special Fund	0		0		0		0
18 - Special Services - Special Fund	0		0		0		0
19 - Special Services - Special Fund	0		0		0		0
Totals	0		0		0		0
Fiduciary							
20 - Special Services - Special Fund	0		0		0		0
21 - Special Services - Special Fund	0		0		0		0
22 - Special Services - Special Fund	0		0		0		0
23 - Special Services - Special Fund	0		0		0		0
24 - Special Services - Special Fund	0		0		0		0
25 - Special Services - Special Fund	0		0		0		0
Totals	0		0		0		0

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0250 - Springfield RE-4
 Fiscal Year 2022-23
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary						Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental : Cap Const Fund 06	Total : Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	4,553,045	0	73,579	74,827	0	0	156,290	2,665	2,505,843	0	0	0	0	0	0	7,366,249
Cash with Fiscal Agent (8105)	24,284	0	0	0	0	0	0	424,128	0	0	0	0	0	0	0	448,412
Taxes Receivable (8121,8122)	41,070	0	0	0	0	0	0	28,133	0	0	0	0	0	0	0	69,203
Interfund Loans Receivable (8131,8132)	0	0	34,998	0	0	0	0	0	0	0	0	0	0	0	0	34,998
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	75,810	0	0	0	0	0	9,951	0	0	0	0	0	0	0	0	85,760
Other Receivables (8151-8154,8161)	1,229	0	0	0	0	0	6,513	0	2,274,250	0	0	0	0	0	0	2,281,992
Inventories (8171,8172,8173)	0	0	0	0	0	0	7,021	0	0	0	0	0	0	0	0	7,021
Prepaid Expenses (8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	4,695,437	0	108,577	74,827	0	0	179,774	454,926	4,780,093	0	0	0	0	0	0	10,293,635

Governmental Proprietary Fiduciary

LIABILITIES & FUND EQUITY

	Charter School Fund		Special Revenue Funds		Supplemental Cap Const		Total Program Reserve		Food Service Special Revenue		Debt Service Funds		Capital Projects Funds		Supplemental Cap Const		Other Enterprise Funds		Risk-Related Activity Funds		Other Internal Service Funds		Trust & Agency Funds		Totals
	10,12-18	11	Preschool Fund 19	20, 22-29	Cap Const Fund 06	Program Reserve Fund 07	Fund 21	30-39	40-45, 47-49	Fund 46	52-59	63-64	60	70-79	Fund 85	Totals									
Trade Fund Payables (7401, 7402)	34,958	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	34,958	
Other Payables (7421, 7423)	0	0	0	0	0	0	0	0	2,672,445	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,672,445
Accrued Payroll (7551)	194,599	0	5,503	0	0	0	9,382	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	209,484
Overall Debt and Withholdings (7471-7473)	137,169	0	3,497	0	0	0	6,147	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	146,814
Unexpended Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7492)	217,993	0	11,025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	229,018
Other Current Liabilities (7491, 7492, 7493)	0	0	0	0	0	0	216	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	216
Deferred Inflow (7500)	17,752	0	0	0	0	0	0	18,133	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35,885
Total Liabilities	602,512	0	20,026	0	0	0	15,745	18,133	2,672,445	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,328,860

Governmental

Proprietary

Fiduciary

FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	7,022	0	0	0	0	0	0	0	0	7,022
Restricted Fund Balance 6740	0	0	0	0	0	0	157,008	436,793	1,869,122	0	0	0	0	0	0	2,462,923
TABOR % Emergency Reserve 6721	534,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	534,000
TABOR Debt-levy 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	88,552	0	0	0	0	0	0	0	0	0	0	0	0	88,552
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RFST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	84,999	0	0	0	0	0	0	0	238,527	0	0	0	0	0	0	323,525
Assigned Fund Balance 6760	0	0	0	74,827	0	0	0	0	0	0	0	0	0	0	0	74,827
Unassigned Fund Balance 6770	3,473,926	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,473,926
Invested in Capital Assets: Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6860	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	4,092,925	0	88,552	74,827	0	0	164,029	436,793	2,107,649	0	0	0	0	0	0	6,964,775

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	4,695,437	0	108,577	74,827	0	0	179,774	454,926	4,780,093	0	0	0	0	0	0	10,293,635

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

For Each Fund Type:
Do Assets=Liability+Fund Equity

SINGLE AUDIT SECTION

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

Board of Education
Baca County School District RE-4
Springfield, CO 81073

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Baca County School District RE-4 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Baca County School District RE-4's basic financial statements, and have issued our report thereon dated November 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baca County School District RE-4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Baca County School District RE-4's internal control. Accordingly, we do not express an opinion on the effectiveness of the Baca County School District RE-4's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baca County School District RE-4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Ripon, Waller & Co, Inc.

November 22, 2023

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

Board of Education
Baca County School District RE-4
Springfield, CO 81073

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Baca County School District RE-4's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Baca County School District RE-4's major federal programs for the year ended June 30, 2023. Baca County School District RE-4's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Baca County School District RE-4 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Baca County School District RE-4 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 Baca County School District RE-4'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 Baca County School District RE-4's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Baca County School District RE-4'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 Baca County School District RE-4'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 Baca County School District RE-4'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 Baca County School District RE-4'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 Baca County School District RE-4's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Dipon, Waller & Co., Inc.

November 22, 2023

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Baca County School District RE-4.

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Baca County School District RE-4 were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Reportable on Compliance for Major Programs

An unmodified report has been issued on Baca County School District RE-4 compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

American Rescue Plan -- Elementary and Secondary School Emergency Relief 84.425D
Rural Education 84.358

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Baca County School District RE-4 did not qualify as a low-risk auditee for the fiscal year ended June 30, 2023.

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

BACA COUNTY SCHOOL DISTRICT RE-4
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2023

There are no prior audit findings requiring disclosure.

BACA COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>State Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Rural Education	84.358	4358	7,951
(Passed through Colorado Department of Education)			
Title I	84.010	4010	161,681
Title II A – Teach Quality	84.367	4367	14,170
Student Support and Academic Enrichment	84.424	4424	13,027
Elementary and Secondary Emergency Relief Act COVID-19	84.425D	4420	318,550
Elementary and Secondary Emergency Relief Act COVID-19	84.425U	4414	86,420
<u>Total Department of Education</u>			<u>601,799</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
(Passed through Colorado Department of Education)			
National School Breakfast Program	10.553	4553	44,305
National School Lunch Program	10.555	4555	84,443
Supply Chain Assistance	10.555	6555	15,857
(Passed through Colorado Department of Human Services)			
Food Distribution (Commodities)	10.555	4555	7,550
<u>Total Child Nutrition Cluster</u>			<u>152,155</u>
(Passed through Colorado Department of Education)			
Pandemic EBT Administrative Costs COVID-19	10.649	4649	628
<u>Total Department of Agriculture</u>			<u>152,783</u>
<u>U.S. Department of Health and Human Services</u>			
(Passed through Colorado Department of Human Services)			
Child Care Assistance Block Grant	93.575	7575	54,979
<u>Total Department of Health and Human Services</u>			<u>54,979</u>
<u>TOTAL EXPENDITURES</u>			<u>809,561</u>

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Baca County School District RE-4 and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 INDIRECT COST RATES

All grants being charged indirect cost have been received through the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The District has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 3 FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of commodities received.

NOTE 4 SUBRECIPIENTS

The District did not pass through any grant amounts to subrecipients for the year ended June 30, 2023.