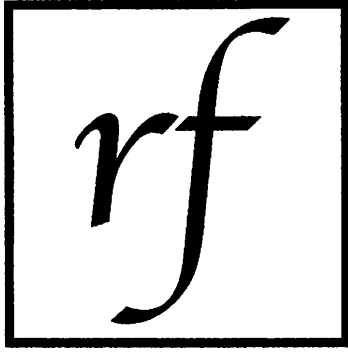
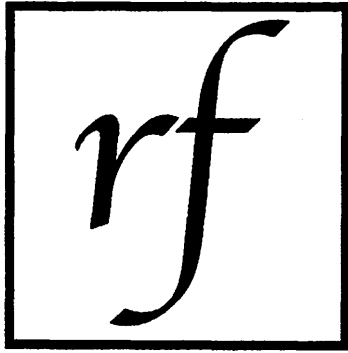




Las Animas School District RE-1
Auditor's Report and Financial Statements
June 30, 2023

Las Animas School District RE-1
Table of Contents
June 30, 2023

Report of Independent Certified Public Accountant	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet	6
Reconciliation of the Governmental Fund Balances to the	
Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to the Financial Statements	10
Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget & Actual	
Major Funds:	
General Fund	38
Schedule of the District's Proportionate Share of the Net Pension Liability	39
Schedule of the District's Proportionate Share of the Net OPEB Liability	40
Schedule of Contributions and Related Ratios Pension	41
Schedule of Contributions and Related Ratios OPEB	42
Supplementary Information:	
Balance Sheet- Other Governmental Funds	43
Statement of Revenues, Expenditures, and Changes	
Fund Balances- Other Governmental Funds	44
Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual	
Other Governmental Funds:	
Capital Projects	45
Food Service	46
Debt Service	47
School Activity Fund	48
Auditor's Integrity Report	49
Schedule of Expenditures of Federal Awards	50
Report on Internal Control over Financial Reporting and on Compliance	
and Other Matters Based on an Audit of Financial Statements Performed in	
Accordance with <i>Government Auditing Standards</i>	51
Report on Compliance for Each Major Federal Program and Report on Internal	
Control over Compliance in Accordance with the Uniform Guidance	53
Schedule of Findings and Questions Costs	56



Independent Auditor's Report

Board of Education
Las Animas School District RE-1

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Las Animas School District RE-1 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information on pages 38 through 42 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.

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 45 through 50, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is 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 December 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

rfarmer, llc

December 14, 2023

Las Animas School District RE-1
Statement of Net Position
June 30, 2023

	<u>Governmental Activities --Total</u>
ASSETS	
Cash and equivalents	\$ 3,626,995
Receivables	1,071,691
Inventories	2,235
Prepaid Expenses	79,176
Capital Assets:	
Land	69,922
Transportation equipment	898,695
Buildings and site improvements	19,385,512
Equipment-Other and food service	275,616
Construction in progress	1,148,516
Less: Accumulated depreciation	<u>(10,884,537)</u>
Total Capital Assets	<u>10,893,724</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	5,385,589
OPEB	<u>90,829</u>
Total Assets and Deferrals	<u>21,150,239</u>
LIABILITIES	
Accounts payable and accrued expenses	1,667,635
Unearned Revenues	21,746
Long-term liabilities	
Due in more than one year	
Net Pension Liability	12,636,335
Net OPEB Liability	<u>479,888</u>
Total liabilities	<u>14,805,604</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	2,510,135
OPEB	<u>192,343</u>
Total Deferred Inflows	<u>2,702,478</u>
NET POSITION	
Net investment in capital assets	10,893,724
Restricted:	
Debt Service	71,740
Capital projects	509,403
TABOR and CPP	333,624
Unrestricted	<u>(8,166,334)</u>
Total net position	<u><u>\$ 3,642,157</u></u>

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

Las Animas School District RE-1
Statement of Activities
For the Year Ended June 30, 2023

	Program Revenue		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	
		Operating Grants and Contributions	Primary Government Governmental Activities -- Total
Primary government			
Governmental Activities			
Instructional:			
Instructional Services	\$ 9,244,201	\$ 7,090	\$ (8,628,720)
Students	58,526	-	(58,526)
District Administration	353,464	-	(353,464)
School Administration	428,174	-	(428,174)
Business	89,640	-	(89,640)
Operations & Maintenance of Facilities	86,480	-	(86,480)
Transportation	64,157	-	(64,157)
Total Instructional	10,324,642	7,090	(9,709,161)
Support Services:			
Central Support	526,464	199,295	(298,669)
Food Service	505,152	14,110	(296,989)
Interest on Long-term debt	2,550	-	(2,550)
Total Support Services	1,034,166	213,405	(598,208)
Operation of Noninstructional Services:			
Athletic & Activity Programs	168,664	132,922	(35,742)
Total Noninstructional Services	168,664	132,922	(35,742)
Total governmental activities	11,527,472	353,417	(10,343,111)
Total primary government	11,527,472	353,417	(10,343,111)
General revenues:			
Taxes:			
Property taxes, levied for general purposes			\$ 1,586,394
Specific ownership, general			137,009
State & federal aid not restricted to specific functions:			
State equalization/Per pupil revenue			6,676,049
Unrestricted investment earnings			45,316
Miscellaneous			896,866
Changes in PERA pension assumptions			(987,746)
Total general revenues, special items, and transfers			8,353,888
Change in net assets			(1,989,223)
Net position - beginning			5,631,380
Net position - ending			<u>\$ 3,642,157</u>

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

Las Animas School District RE-1
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Title Programs</u>	<u>Debt Service</u>	<u>Capital Projects Capital Reserves</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,757,219	\$ (831,835)	\$ 71,740	\$ 509,403	\$ 120,469	\$ 3,626,996
Other receivables	81,531	983,119	-	-	7,041	1,071,691
Inventories	-	-	-	-	2,235	2,235
Prepaid expenses	79,176	-	-	-	-	79,176
Total assets	<u>3,917,926</u>	<u>151,284</u>	<u>71,740</u>	<u>509,403</u>	<u>129,745</u>	<u>4,780,098</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,462,074	164,413	-	-	41,150	1,667,637
Unearned revenue	21,746	-	-	-	-	21,746
Total liabilities	<u>1,483,820</u>	<u>164,413</u>	<u>-</u>	<u>-</u>	<u>41,150</u>	<u>1,689,383</u>
Fund balances:						
Non-spendable inventory	-	-	-	-	2,235	2,235
Non-spendable prepaid expenses	79,176	-	-	-	-	79,176
Restricted-debt service	-	-	71,740	-	-	71,740
Committed capital projects funds	-	17,686	-	509,403	31,821	558,910
Restricted-TABOR and CPP	333,624	-	-	-	-	333,624
Unassigned	2,021,306	(30,815)	-	-	-	1,990,491
Assigned, reported in non-major:						
Special revenue funds	-	-	-	-	54,539	54,539
Total fund balances	<u>2,434,106</u>	<u>(13,129)</u>	<u>71,740</u>	<u>509,403</u>	<u>88,595</u>	<u>3,090,715</u>
Total liabilities and fund balances	<u>\$ 3,917,926</u>	<u>\$ 151,284</u>	<u>\$ 71,740</u>	<u>\$ 509,403</u>	<u>\$ 129,745</u>	<u>\$ 4,780,098</u>

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

Las Animas School District RE-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balance, governmental funds	\$	3,090,715
--	----	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		10,893,724
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position: Pension Plan Deferred Outflow		5,476,418
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Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		<u>(15,818,700)</u>
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Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>3,642,157</u></u>
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The accompanying notes to financial statements
are an integral part of these statements.

Las Animas School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Title Programs	Debt Service	Capital Projects Capital Reserves	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 1,586,394	\$ -	\$ -	\$ -	\$ -	\$ 1,586,394
SO Tax	137,009	-	-	-	-	137,009
Other Local Sources	538,630	-	-	-	132,922	671,552
State Aid	6,838,767	-	-	687,218	-	7,525,985
Charges for services	199,295	-	-	-	22,020	221,315
Earnings on Investments	40,553	-	4,733	30	816	46,132
Federal Aid	-	2,976,298	-	-	185,516	3,161,814
Donations and Grants	14,751	-	-	-	-	14,751
Total revenues	<u>9,355,399</u>	<u>2,976,298</u>	<u>4,733</u>	<u>687,248</u>	<u>341,274</u>	<u>13,364,952</u>
EXPENDITURES						
Instructional:						
Instructional Services	5,759,806	611,793	-	-	-	6,371,599
Support Services:						
Students	162,071	-	-	-	-	162,071
Instructional Staff	145,485	2,395,320	-	-	-	2,540,805
District Administration	720,137	-	-	-	-	720,137
School Administration	819,147	-	-	-	-	819,147
Business	320,926	-	-	-	-	320,926
Operations & Maintenance	681,162	-	-	-	-	681,162
Transportation	248,096	-	-	-	-	248,096
Central	1,123,050	-	1,056	51,345	-	1,175,451
Food Service	-	-	-	-	499,306	499,306
Total Instructional & Support	<u>9,979,880</u>	<u>3,007,113</u>	<u>1,056</u>	<u>51,345</u>	<u>499,306</u>	<u>13,538,700</u>
Non-Instructional Services:						
Athletic & Activity Programs	-	-	-	-	163,502	163,502
Debt Service:						
Principal	-	-	170,000	-	-	170,000
Interest Expense	-	-	2,550	-	-	2,550
Capital Outlay	-	-	-	1,216,244	-	1,216,244
Total Expenditures	<u>9,979,880</u>	<u>3,007,113</u>	<u>173,606</u>	<u>1,267,589</u>	<u>662,808</u>	<u>15,090,996</u>
Excess (deficiency) of revenues over expenditures	<u>(624,481)</u>	<u>(30,815)</u>	<u>(168,873)</u>	<u>(580,341)</u>	<u>(321,534)</u>	<u>(1,726,044)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	285,247	285,247
Transfers out	(285,247)	-	-	-	-	(285,247)
Total other financing sources uses	<u>(285,247)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,247</u>	<u>-</u>
Net change in fund balances	(909,728)	(30,815)	(168,873)	(580,341)	(36,287)	(1,726,044)
Fund balances - beginning	3,343,834	17,686	240,613	1,089,744	124,882	4,816,759
Fund balances - ending	<u>\$ 2,434,106</u>	<u>\$ (13,129)</u>	<u>\$ 71,740</u>	<u>\$ 509,403</u>	<u>\$ 88,595</u>	<u>\$ 3,090,715</u>

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

Las Animas School District RE-1
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds: \$ (1,726,044)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay of \$1,216,244 is more than depreciation of \$697,635 in the current period. 518,609

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 170,000

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net difference between PERA pension and OPEB actual expense and contributions (987,747)

Decrease in accrued interest payable 5,257

Change in Compensated Absences not reflected on Governmental funds 30,702

Change in net position of governmental activities \$ (1,989,223)

Las Animas School District Number RE-1
Notes to Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies

The accounting policies of the Las Animas School District Number RE-1 (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 Las Animas School District Number RE-1. The District received funding from local, state, and federal government sources and must comply within 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.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended), *“The Financial Reporting Entity”* (GASB) 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 related amendments 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’s financial position.

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.

Financial statements are provided for the governmental funds. Major individual governmental funds include the General Fund, Bond Redemption Debt Service Fund, and Capital Project Fund.

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. Property taxes are recognized as revenues in the year the taxes are received. Grants and similar items are recognized as revenues 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.

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.

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 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.

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.

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 inflows/outflows, 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:

1. 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.
2. Bond Redemption Debt Service Fund – used to account for accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Capital Project Fund – used to account for bond proceeds, grants, and other sources for capital expenditures on a designated project.

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.

Receivables

Property taxes levied in 2022 but uncollected in 2023 are identified as property taxes receivable. Receivables are present net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

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, if any, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

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 governmental column 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet 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 and governmental balance sheet 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve Capital Projects 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.

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 1997, the registered voters approved a ballot resolution authorizing the District to collect, retain and expend (during 1995 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 (excluding bonded debt service and federal funds). As of June 30, 2023, the District reserved \$347,000 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.

Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2022-2023 property tax calendar for the District was as follows:

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

Compensated Absences

The District has policies regarding vacation and sick pay benefits and the payment of accumulated amounts at separation from service. After 10 years of service and termination for reasons other than retirement, payment will be made for unused leave up to 12 days based on the average daily rate paid to the employee during their last 5 years. Employees eligible for retirement will be paid $\frac{1}{4}$ of unused leave not to exceed 40 days at the average daily rate paid them during their last 5 years.

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.

Interest Expense

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

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 listed below.

1. Nonspendable such as fund balances 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 Director of Finance and Online Operations.

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.

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 resource 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.

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 all the funds.
6. Budgets for all the 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.

The Student Activity Fund overspent its budget which may be a violation of Colorado revised statutes.

Note 4

Cash and Investments

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 102 percent of the uninsured deposits.

At year-end, the District's carrying balance were as follows:

	Carrying Balance
Insured Deposits (FDIC)	\$ 250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	3,374,770
Cash with County Treasurer	1,350
Cash on Hand	875
Total Cash and Deposits	<u>\$ 3,626,995</u>

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
Non-depreciable Assets:				
Land	\$ 69,922	\$ -	\$ -	\$ 69,922
Construction in progress	-	1,148,516	-	1,148,516
Total	69,922	1,148,516	-	1,218,438
Depreciable Assets:				
Buildings	17,702,976	14,664	-	17,717,640
Site Improvements	1,653,733	14,139	-	1,667,872
Vehicles	898,695	25,725	-	924,420
Equipment	158,421	13,200	-	171,621
Food Service Equipment	78,270	-	-	78,270
Total	20,492,095	67,728	-	20,559,823
Less: Accumulated Depreciation				
Buildings	(8,494,512)	(543,358)	-	(9,037,870)
Site Improvements	(560,601)	(75,461)	-	(636,062)
Vehicles	(760,968)	(64,157)	-	(825,125)
Equipment	(316,397)	(9,441)	-	(325,838)
Food Service Equipment	(54,424)	(5,218)	-	(59,642)
Total	(10,186,902)	(697,635)	-	(10,884,537)
Total Capital Assets	\$ 10,375,115	\$ 518,609	\$ -	\$ 10,893,724

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

Instruction	\$ 543,358
Operation and Maintenance	84,902
Transportation	64,157
Food Service	5,218
Total Depreciation Expense	<u>\$ 697,635</u>

Note 6 Interfund Transactions

	Transfer To Other Funds	Transfer From Other Funds
General Fund	\$ 285,247	\$ -
Capital Projects	-	-
Food Service Fund	-	285,247
	<u>\$ 285,247</u>	<u>\$ 285,247</u>

Transfers were made in the normal course of operations to support funding needs.

Note 7**Accrued Salaries and Benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, on June 30, 2023, are estimated to be \$1,414,643 and have been budgeted for payment during the following fiscal year. Accordingly, the accrued shares and benefits are reflected as a liability in the accompanying financial statements of the various funds.

Note 8**Defined Benefit Pension Plan****Summary of Significant Accounting Policies**

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 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.

In all cases the service retirement benefit is limited to 100% of the highest average salary and cannot exceed the maximum benefit allowed by the 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, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their

PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	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)	

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,201,082 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 District proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the District reported a liability of \$12,636,336 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a

nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$ 12,636,336
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,448,594</u>
Total	<u>\$ 12,636,336</u>

At December 31, 2022, the District proportion was .0773496%, which was approximately the same as its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$350,007 and revenue of \$350,007 for support from the State as a nonemployer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 133,298	\$ -
Changes of assumptions or other inputs	249,490	-
Net difference between projected and actual earnings on pension plan investments	4,402,260	2,510,135
Contributions subsequent to the measurement date	<u>600,541</u>	<u>N/A</u>
Total	<u>\$ 5,385,589</u>	<u>\$ 2,510,135</u>

\$600,541 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:	
2024	\$ 177,822
2025	302,906
2026	693,620
2027	1,110,566
2028	-
Thereafter	-

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 ¹	Financed by AIR

¹Post-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.

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 weighing 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.

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

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that

is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net pension liability	\$16,536,617	\$12,636,335	\$9,379,201

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

Note 9 Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the District 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, employer contributions and investment earnings.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description - Employees of the District may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Note 10 Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the 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 District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$60,836 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$479,888 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District's proportion was .058775%, which was approximately the same as its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,756. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 62	\$ 116,053
Changes of assumptions or other inputs	7,713	52,964
Net difference between projected and actual earnings on pension plan investments	52,635	23,325
Contributions subsequent to the measurement date	30,418	N/A
Total	<u>\$ 90,828</u>	<u>\$ 192,342</u>

\$30,418 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	\$	(47,809)
2024		(44,891)
2025		(20,848)
2026		(3,126)
2027		(12,428)
Thereafter		(2,828)

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.

Age-Related Morbidity Assumptions

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

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

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

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

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

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

The PERA benefit structure health care cost trend rates 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.

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.

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 District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well

as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
Initial PERACare Medicare trend rate	5.50%	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	\$466,305	\$479,888	\$494,668

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 District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is

one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net OPEB liability	\$556,333	\$479,888	\$414,504

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

Note 10 Joint Ventures

Not reflected in the accompanying financial statements is the District's participation in the Santa Fe Trail 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 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. The BOCES files an audit annually with the Colorado State Auditor's Office.

Note 11 Long-Term Debt

The District has changes in its long-term obligations as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Position
General Obligation Bonds 2015	\$ 170,000	\$ -	\$ (170,000)	\$ -	\$ -
	\$ 170,000	\$ -	\$ (170,000)	\$ -	\$ -

General Obligation Refunding Series 2015

On September 2, 2015, the District issued \$1,075,000 in General Obligation Refunding Bonds with an average interest rate of 3.1 percent to advance refund \$1,090,000 of outstanding 2002 General Obligation Bonds bearing interest rates ranging from 3.00 percent to 4.75 percent. Refunding proceeds of \$1,105,018 were deposited with an escrow agent to provide debt service payments of \$1,090,000 in principal and \$183,908 in interest on the 2002 Series Bonds. As a result, the portion of 2002 Bonds is considered

to be defeased and the liability for the issue has been removed from the financial statements.

The District completed the advance refunding to reduce the total debt service payments over the next 7 years by \$77,933 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$99,348.

The bonds were paid in full during 2022-23.

Note 12

Colorado School Districts Self-Insurance Pool

The District belongs to the Colorado School Districts 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, Worker's Compensation, and other coverages. 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 contributions are determined by the Pool based on factors including, but not limited to, 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.

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 fund from which they were paid.

The District's share in the Pool is not determinable from current information but is estimated to be less than 1 percent. The District's share, if calculated, would not be material to the Pool's financial information as of year-end.

Note 13

Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destructions 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.

Las Animas School District RE-1
Budget and Actual
General
For the year ended June 30, 2023

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Property Taxes	\$ 1,589,930	\$ 1,589,930	\$ 1,586,394
SO Taxes	125,000	125,000	137,009
Other Local Sources	347,759	347,759	538,630
State Aid	8,443,500	9,258,142	6,838,767
Charges for services	195,000	195,000	199,295
Earnings on Investments	40,700	40,700	40,553
Other	16,051	16,051	14,751
Total revenues	10,757,940	11,572,582	9,355,399
EXPENDITURES			
Instructional:			
Instructional Services	1,593,558	5,218,184	5,759,806
Support Services:			
Students	186,555	186,555	162,071
Instructional Staff	175,506	175,506	145,485
District Administration	381,207	381,207	720,137
School Administration	844,052	844,052	819,147
Business	356,341	356,341	320,926
Operations & Maintenance	743,620	743,620	681,162
Transportation	238,497	238,497	248,096
Central	1,236,257	1,236,257	1,123,050
Contingency	5,058,480	2,204,528	-
Total Expenditures	10,814,073	11,584,747	9,979,880
Excess (deficiency) of revenues over expenditures	(56,133)	(12,165)	(624,481)
	-	-	43,651
OTHER FINANCING SOURCES (USES)			
Transfers in	273,069	297,412	17,686
Transfers in (out)	(285,247)	(285,247)	(285,247)
Total other financing sources and uses	(12,178)	12,165	(267,561)
Net change in fund balances	(68,311)	-	(892,042)
Fund balances - beginning	3,644,216	3,343,835	3,343,834
Fund balances - ending	\$ 3,575,905	\$ 3,343,835	\$ 2,451,792

Las Animas School District RE-1
Schedule of the District's Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2023

	for the years ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion (percentage) of the collective net pension liability	0.077350%	0.068884%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
District's proportionate share of the collective pension liability	\$ 12,636,335	\$ 7,191,843	\$ 8,819,520	\$ 7,502,862	\$ 8,442,060	\$ 17,039,935	\$ 15,618,571	\$ 8,468,936	\$ 7,884,069	\$ 7,671,728
Payroll	\$ 5,964,323	\$ 4,305,030	\$ 3,119,799	\$ 3,267,385	\$ 3,086,216	\$ 2,499,119	\$ 2,382,277	\$ 2,349,848	\$ 2,457,376	\$ 2,423,132
District's proportionate share of the net pension liability as a percentage of its payroll	211.87%	167.06%	282.70%	229.63%	273.54%	681.84%	655.62%	360.40%	320.83%	316.60%

GASB Statement No. 68 requires ten years of information to be presented in this table.

Las Animas School District RE-1
Schedule of the District's Proportionate Share of the Net OPEB Liability
For Year Ended June 30, 2023

	for the years ended December 31,				
	2022	2021	2020	2019	2018
					2017
					2016
District's proportion (percentage) of the collective net pension liability	5.877540%	0.044976%	0.03%	0.03%	0.03%
District's proportionate share of the collective pension liability	\$ 479,888	\$ 389,179	\$ 320,575	\$ 368,864	\$ 410,870
Payroll	\$ 5,964,323	\$ 4,305,030	\$ 3,119,799	\$ 3,267,385	\$ 2,499,119
District's proportionate share of the net pension liability as a percentage of its payroll	8.05%	9.04%	10.28%	11.29%	15.57%
					16.23%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Las Animas School District RE-1
Schedule of Pension Contributions and Related Ratios
For Year Ended June 30, 2023

for the years ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutory required contributions	\$ 1,201,082	\$ 855,841	\$ 612,454	\$ 568,269	\$ 501,401	\$ 471,992	\$ 437,931	\$ 416,702	\$ 414,975	\$ 389,021
Contributions in relation to the statutorily required contribution	1,201,082	855,841	612,454	568,269	501,401	471,992	437,931	416,702	414,975	389,021
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 5,964,323	\$ 4,305,030	\$ 3,119,799	\$ 3,267,385	\$ 3,086,216	\$ 2,499,119	\$ 2,382,277	\$ 2,349,848	\$ 2,457,376	\$ 2,433,132
Contribution as a percentage of payroll	20.14%	19.88%	19.63%	17.39%	16.25%	18.89%	18.38%	17.73%	16.89%	15.99%

GASB Statement No. 68 requires ten years of information to be presented in this table.

Las Animas School District RE-1
Schedule of Contributions and Related Ratios OPEB
For Year Ended June 30, 2023

	for the years ended December 31,					
	2022	2021	2020	2019	2018	2017
Statutory required contributions	\$ 60,836	\$ 43,911	\$ 31,821	\$ 30,097	\$ 26,734	\$ 25,491
Contributions in relation to the statutorily required contribution	60,836	43,911	31,821	30,097	26,734	25,491
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,964,323	\$ 4,305,030	\$ 3,119,799	\$ 3,267,385	\$ 3,086,216	\$ 2,499,119
Contribution as a percentage of covered payroll	1.02%	1.02%	1.02%	0.92%	0.87%	1.02%
						\$ 2,382,277

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Las Animas School District RE-1
Balance Sheet
Other Governmental Funds
June 30, 2023

	<u>Food Service</u>	<u>School Activity Fund</u>	<u>Total Special Revenue Funds</u>
ASSETS			
Cash and cash equivalents	\$ (10,619)	\$ 131,088	\$ 120,469
Other receivables	7,041	-	7,041
Inventories	2,235	-	2,235
Total assets	<u>(1,343)</u>	<u>131,088</u>	<u>129,745</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>41,150</u>	-	<u>41,150</u>
Total liabilities	<u>41,150</u>	-	<u>41,150</u>
 Fund balances:			
Non-spendable-inventories	2,235	-	2,235
Other purposes	-	31,821	31,821
Assigned	<u>(44,728)</u>	<u>99,267</u>	<u>54,539</u>
Total fund balances	<u>(42,493)</u>	<u>131,088</u>	<u>88,595</u>
Total liabilities and fund balances	<u>\$ (1,343)</u>	<u>\$ 131,088</u>	<u>\$ 129,745</u>

Las Animas School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Food Service	School Activity Fund	Total-Other Governmental Funds
REVENUES			
Student Activities	\$ -	\$ 132,922	\$ 132,922
Charges for services	22,020	-	22,020
Earnings on Investments	816	-	816
Federal Aid	185,516	-	185,516
Total revenues	<u>208,352</u>	<u>132,922</u>	<u>341,274</u>
EXPENDITURES			
Food Service	499,306	-	499,306
Noninstructional Services:			
Athletic & Activity Programs	-	163,502	163,502
Total Expenditures	<u>499,306</u>	<u>163,502</u>	<u>662,808</u>
Excess (deficiency) of revenues over expenditures	<u>(290,954)</u>	<u>(30,580)</u>	<u>(321,534)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	285,247	-	285,247
Total other financing sources and uses	<u>285,247</u>	<u>-</u>	<u>285,247</u>
SPECIAL ITEM			
Net change in fund balances	(5,707)	(30,580)	(36,287)
Fund balances - beginning	(36,786)	161,668	124,882
Fund balances - ending	<u><u>\$ (42,493)</u></u>	<u><u>\$ 131,088</u></u>	<u><u>\$ 88,595</u></u>

Las Animas School District RE-1
Budget and Actual
Capital Projects Capital Reserves
For the year ended June 30, 2023

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
State Aid	\$ -	\$ 363,122	\$ 687,218
Earnings on Investments	-	25	30
Total revenues	-	363,147	687,248
EXPENDITURES			
Central	-	51,347	51,345
Capital Outlay	1,150,000	1,429,800	1,216,244
Total Expenditures	1,150,000	1,481,147	1,267,589
Excess (deficiency) of revenues over expenditures	(1,150,000)	(1,118,000)	(580,341)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(1,150,000)	(1,118,000)	(580,341)
Fund balances - beginning	1,150,000	1,118,000	1,089,744
Fund balances - ending	\$ -	\$ -	\$ 509,403

Las Animas School District RE-1
Budget and Actual
Food Service
For the year ended June 30, 2023

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Charges for services	\$ 13,630	\$ 13,630	\$ 22,020
Investment earnings	850	850	816
National Lunch & Breakfast Programs	7,014	220,949	185,516
Total revenues	<u>21,494</u>	<u>235,429</u>	<u>208,352</u>
EXPENDITURES			
Supporting Services:			
Food Service	<u>533,854</u>	<u>520,676</u>	<u>499,306</u>
Total Expenditures	<u>533,854</u>	<u>520,676</u>	<u>499,306</u>
Excess (deficiency) of revenues over expenditures	<u>(512,360)</u>	<u>(285,247)</u>	<u>(290,954)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>285,247</u>	<u>285,247</u>
Total other financing sources and uses	<u>-</u>	<u>285,247</u>	<u>285,247</u>
Net change in fund balances	(512,360)	-	(5,707)
Fund balances - beginning	157,660	-	(36,786)
Fund balances - ending	<u>\$ (354,700)</u>	<u>\$ -</u>	<u>\$ (42,493)</u>

Las Animas School District RE-1
Budget and Actual
Debt Service
For the year ended June 30, 2023

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Property Taxes	\$ 532	\$ 532	\$ -
Earnings on Investments	800	4,100	4,733
Total revenues	<u>1,332</u>	<u>4,632</u>	<u>4,733</u>
EXPENDITURES			
Support Services:			
Central	-	233,140	1,056
Debt Service:			
Principal	50	172,550	170,000
Interest and other charges	12,375	12,375	2,550
Contingency	<u>401,500</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>413,925</u>	<u>418,065</u>	<u>173,606</u>
Excess (deficiency) of revenues over expenditures	<u>(412,593)</u>	<u>(413,433)</u>	<u>(168,873)</u>
Net change in fund balances	(412,593)	(413,433)	(168,873)
Fund balances - beginning	<u>413,433</u>	<u>413,433</u>	<u>240,613</u>
Fund balances - ending	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 71,740</u>

Las Animas School District RE-1
Budget and Actual
School Activity Fund
For the year ended June 30, 2023

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Pupil activities	\$ -	\$ 130,000	\$ 132,922
Total revenues	-	130,000	132,922
EXPENDITURES			
Noninstructional Services:			
Pupil activities	-	130,000	163,502
Total Expenditures	-	130,000	163,502
Excess (deficiency) of revenues over expenditures	-	-	(30,580)
Net change in fund balances	-	-	(30,580)
Fund balances - beginning	-	-	161,668
Fund balances - ending	\$ -	\$ -	\$ 131,088



Colorado Department of Education

Auditors Integrity Report

District: 0290 - Las Animas RE-1

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					
10 General Fund	3,378,372	8,791,989	9,722,879		2,447,482
18 Risk Mgmt Sub-Fund of General Fund	0	0	0		0
19 Colorado Preschool Program Fund	-34,539	297,441	276,279		-13,376
Sub-Total	3,343,834	9,089,430	9,999,158		2,434,106
11 Charter School Fund	0	0	0		0
20-26-29 Special Revenue Fund	0	0	0		0
06 Supplemental Cap Const. Tech. Main Fund	0	0	0		0
07 Total Program Reserve Fund	0	0	0		0
21 Food Service Spec. Revenue Fund	-36,786	-494,227	-499,934		-42,493
22 Govt Designated-Purpose Grants Fund	17,686	2,976,298	3,007,114		-13,130
23 Pupil Activity Special Revenue Fund	161,668	132,922	163,502		131,088
25 Transportation Fund	0	0	0		0
31 Bond Redemption Fund	240,613	4,733	173,606		71,741
39 Certificate of Participation (COP) Debt Service Fund	0	0	0		0
41 Building Fund	0	0	0		0
42 Special Building Fund	0	0	0		0
43 Capital Reserve Capital Projects Fund	1,089,744	687,248	1,267,589		509,403
46 Supplemental Cap Const. Tech. Main Fund	0	0	0		0
Totals	4,816,759	13,384,857	15,110,902		3,080,714
Proprietary					
50 Other Enterprise Funds	0	0	0		0
64 (63) Risk-Related Activity Fund	0	0	0		0
60-65-69 Other Internal Service Funds	0	0	0		0
Totals	0	0	0		0
Fiduciary					
70 Other Trust and Agency Funds	0	0	0		0
72 Private Purpose Trust Fund	0	0	0		0
73 Agency Fund	0	0	0		0
74 Pupil Activity Agency Fund	0	0	0		0
79 GASB 34 Permanent Fund	0	0	0		0
85 Foundations	0	0	0		0
Totals	0	0	0		0
		FINAL	0		0

Las Animas School District RE-1
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2023

GRANT TITLE	GRANT CODE	FEDERAL ALN	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF AGRICULTURE:				
National School Lunch Program Cluster:				
SNAP P-EBT	4649	10.649	628	
National School Breakfast	4553	10.453	57,509	
Summer Food Program	4559	10.559	3,670	
National School Lunch Program	4555	10.555	110,919	
Total				172,726
DEPARTMENT OF EDUCATION/ COLORADO DEPARTMENT OF EDUCATION:				
Title VB	6358	84.358	59,517	
EASI School Improvement Grant	5010	84.01	30,000	
ESSER II	4420	84.425	1,028,295	
ESSER III	4414	84.425	1,091,574	
Title VI-B	4027	84.027	482,522	
Title IV Student Support	4424	84.424	41,237	
Title II Part A	4367	84.367	26,655	
Expanded Learning Opportunity	4438	84.438	73,317	
Title I, Part A	4010	84.010	699,020	
				3,532,137
TOTAL FEDERAL FINANCIAL AWARDS				<u><u>\$ 3,704,863</u></u>

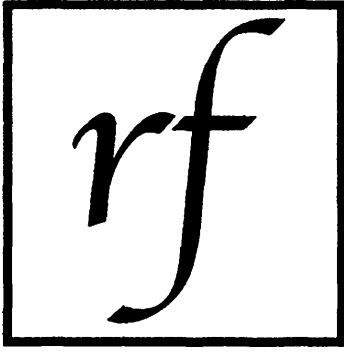
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Las Animas School District RE-1 and is presented on the modified accrual basis of accounting.

Las Animas School District RE-1 does not use the 10% de minimis cost rate.

Las Animas School District RE-1 did not have any sub-recipients for 2022-23.



Independent Auditor's Report

Board of Education
Las Animas School District RE-1

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas School District RE-1 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

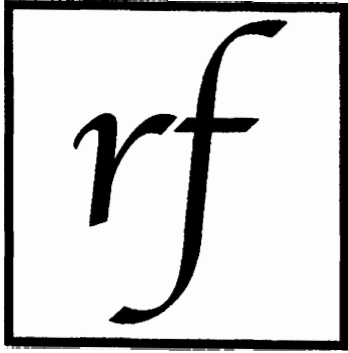
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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.

rfarmer, llc

December 14, 2023



Independent Auditor's Report

Board of Education
Las Animas School District RE-1

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Las Animas School District RE-1's compliance with the types of compliance requirements¹ identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Las Animas School District RE-1's major federal programs for the year ended June 30, 2023. Las Animas School District RE-1'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, Las Animas School District RE-1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Las Animas School District RE-1 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 Las Animas School District RE-1'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 Las Animas School District RE-1'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 Las Animas School District RE-1'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 GAAS, *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 Las Animas School District RE-1's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Las Animas School District RE-1'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 Las Animas School District RE-1'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 Las Animas School District RE-1'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.

rfarmer, llc

December 14, 2023

**Las Animas School District RE-1
Schedule of Findings and Questioned Costs
June 30, 2023**

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:		
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
Identification of major federal programs:		
Assistance Listing Number(s)	<u>84.425</u>	Name of Federal Program or Cluster <u>ESSER III</u>
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	<u> X </u> Yes	<u> </u> No

Section II: Financial Statement Findings

There were no findings to report.

Section III: Federal Awards Findings

There were no findings to report.