

HAYDEN SCHOOL DISTRICT RE-1

—

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

—

JUNE 30, 2023

FINANCIAL STATEMENTS - 2023

HAYDEN SCHOOL DISTRICT RE-1
ROUTT COUNTY

OFFICIALS
June 30, 2023

BOARD OF EDUCATION

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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT DISCUSSION & ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13-14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15-16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position of Governmental Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19-20
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to Financial Statements	25-52
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	55-60
Schedule of the District's Proportionate Share of the Net Pension Liability	61
Schedule of District's Contributions – PERA Pension Plan	62
Schedule of District's Proportionate Share of the Net OPEB Liability	63
Schedule of District's Contributions – OPEB	64
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Food Services Fund	67-68
Budgetary Comparison Schedule – Pupil Activity Fund	69-70
Budgetary Comparison Schedule – Bond Redemption Fund	71-72
Budgetary Comparison Schedule – Building Fund	73-74
Budgetary Comparison Schedule – Capital Projects Fund	75-76
REPORTS AND SCHEDULES REQUIRED BY OUTSIDE ENTITIES	
Auditors Integrity Report	80
Bolded Balance Sheet Report	81-83

TABLE OF CONTENTS, Continued

	PAGE
REPORTS AND SCHEDULES FOR REPORTING REQUIRES OF UNIFORM GUIDANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	85-86
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Requirements by the Uniform Guidance	87-88
Schedule of Findings and Questioned Costs	89-90
Schedule of Expenditures of Federal Financial Awards	91
Notes to Schedule of Expenditures of Federal Awards	92



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hayden School District RE-1

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hayden School District RE-1, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Hayden School District RE-1 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 Hayden School District RE-1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hayden School District RE-1'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 Hayden School District RE-1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison schedule, schedule of the District's Proportionate Share of the Net Pension Liability, schedule of District's Contributions – PERA Pension Plan, schedule of District's Proportionate Share of the Net OPEB Liability, and schedule of District's Contributions – OPEB on pages 4-8 and 53-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hayden School District RE-1's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Reporting on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditor's Integrity and Bolded Balance Sheet reports on pages 78-81 are presented for state regulatory compliance and are not a required part of the financial statements. The Colorado Department of Education Auditor's Integrity and Bolded Balance Sheet reports are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Hayden School District RE-1'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 Hayden School District RE-1'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 Hayden School District RE-1's internal control over financial reporting and compliance.

Colo CPA Services, PC

Rangely, CO
December 20, 2023

MANAGEMENT DISCUSSION & ANALYSIS

It is a privilege to present to you the financial picture of Hayden School District RE-1. The discussion and analysis of Hayden School District RE-1's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2023. The intent of the discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local governments, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total net position of the District is \$43,481,807, which includes \$71,936,511 in total assets, \$3,543,172 in deferred out flows, \$29,280,163 in total liabilities, and \$2,717,713 in deferred inflows. The total assets include \$11,625,965 in current assets and \$60,310,546 in long-term assets.
- Total general revenues were \$8,732,660 and total program revenues were \$2,946,346. During the year, the District had expenses that were \$10,666,736. This resulted in an increase in total net position of \$1,012,270 from the previous year.

Using the Annual Financial Report

Within the annual report is a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and include fixed assets and depreciation on those assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Hayden School District RE-1's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information including fund financial statements that focus on individual parts of the Districts operations in more detail than the government-wide statements.

Government-wide Financial Statements.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

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

The government-wide financial statements of the District have only one category:

- 1) **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The Hayden School District RE-1 adopts a one-year budget for its funds. A budgetary comparison statement has been provided for the funds to demonstrate compliance with the year ended June 30, 2023 budget.

Financial Analysis of the District as a Whole

Most of the District's net position is invested in capital assets (buildings, land, vehicles and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The designated balances are amounts set aside by management to finance future purchases or capital projects as planned by the District.

The results of this year's operations are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes that are assessed to community taxpayers and state equalization that is provided by the State of Colorado.

Table A-1
Fiscal Year Ended June 30, 2023
Hayden School District RE-1 Net Position

	FY23 Total	FY22 Total
Current Assets	\$ 11,625,965	\$ 9,405,991
Capital and Other Assets	60,310,546	62,572,419
Total Assets	<u>71,936,511</u>	<u>71,978,410</u>
Deferred Outflows	<u>3,543,172</u>	<u>1,672,734</u>
Current and Other Liabilities	1,203,797	1,324,516
Long Term Liabilities	28,076,366	26,275,307
Total Liabilities	<u>29,280,163</u>	<u>27,599,823</u>
Deferred Inflows	<u>2,717,713</u>	<u>3,581,784</u>
Net Position:		
Net invested in Capital Assets	41,233,968	36,358,005
Restricted	3,639,737	3,032,152
Unrestricted	(1,391,898)	3,079,380
Total Net Position	<u>\$ 43,481,807</u>	<u>\$ 42,469,537</u>

Table A-2
Fiscal Year Ended June 30, 2023
Hayden School District RE-1
Changes in Net Position

	<u>FY23 Total</u>	<u>FY22 Total</u>
Revenues		
Program Revenues		
Charges for Services	\$ 310,880	\$ 273,798
Operating Grants	2,265,769	2,203,769
Capital Grants & Contributions	369,697	223,514
General Revenues		
Property Taxes	5,883,041	5,675,810
Specific Ownership Taxes	408,630	388,104
Mineral Lease	69,089	78,205
State Equalization	1,765,497	1,489,474
Investment Earnings	26,718	14,130
Other Revenue	287,695	55,353
Gain (Loss) on Capital Asset Disposals	291,990	9,000
Total Revenues	<u>11,679,006</u>	<u>10,411,157</u>
Expenses		
Instruction	4,809,284	2,149,467
Supporting Services	5,100,997	3,824,587
Interest on Long-Term Debt	756,455	788,980
Total Expenses	<u>10,666,736</u>	<u>6,763,034</u>
Increase (Decrease) in Net Position	1,012,270	3,648,123
Net Position Beginning	42,469,537	38,813,575
Prior Period Restatement	-	7,839
Net Position Ending	<u>\$ 43,481,807</u>	<u>\$ 42,469,537</u>

The District Funds

At June 30, 2023 the District governmental funds reported a combined fund balance of \$10,430,538, which is an increase of \$2,346,717 from the June 30, 2023 balances.

General Fund Budget

During the fiscal year, the board of education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received in the general fund is provided on pages 55 through 60 of the audit.

Capital Assets

At June 30, 2023, the District had \$41,233,968 invested in a broad range of capital assets net of depreciation and related debt, including: land, buildings, improvements, vehicles, furniture and equipment. This represents additions of \$726,759 and depreciation of \$2,030,061 for a net decrease of \$1,413,303 from the prior year.

Debt Administration

As of June 30, 2023, the District had bonds payable.

Economic Factors and Future Budgets

The District has experienced steady enrollment for several years, and all indications show that the trend will continue for the foreseeable future. The state formula for funding school districts in Colorado is tied directly to the number of pupils enrolled, along with inflation based adjustments. This has kept total revenues flat for several years and will most likely continue into the future. The District has added an average student count of 397 students since fiscal year 2018.

Several of the large capital projects primarily funded by a bond issuance have been completed as of the end of fiscal year 2023 and related funding and expenditures for capital projects are anticipated to decrease in the future.

Local and intermediate sources provided 67 percent of all funding of the District. The state share is 26 percent, and the federal share is 7 percent. Expenditures include 45 percent for direct instruction of students, 9 percent for support services, 8 percent for general and school administration, 11 percent for operations and maintenance (including utilities), 4 percent for property (including construction of new school), 15 percent for debt service, and 8 percent for student transportation and all other expenses.

Contacting the District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact Hayden School District RE-1, 300 Breeze Basin Blvd, PO Box 70, Hayden, Colorado 81639, (970) 276-3864.

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FINANCIAL STATEMENTS

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HAYDEN SCHOOL DISTRICT RE-1, COLORADO

STATEMENT OF NET POSITION
June 30, 2023

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 11,028,497
Cash with Fiscal Agent	88,262
Property Taxes Receivable	154,602
Grants Receivable	152,912
Other Accounts Receivable	144,269
Inventory	3,617
Prepaid Expenses	53,806
Capital Assets, Nondepreciable	1,221,761
Capital Assets, Net	<u>59,088,785</u>
TOTAL ASSETS	<u>71,936,511</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	3,485,401
Deferred Outflows Related to Post Employment Benefit (OPEB)	<u>57,771</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,543,172</u>
LIABILITIES	
Accounts Payable	192,809
Accrued Interest	61,040
Accrued Salaries and Benefits	463,266
Payroll Taxes and Deductions Payable	179,436
Employee Compensated Absences	32,312
Unearned Revenue	78,124
Unearned Revenue Grants	196,810
Noncurrent Liabilities:	
Due Within One Year	881,605
Due in More Than One Year	<u>27,194,761</u>
TOTAL LIABILITIES	<u>29,280,163</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Property Taxes	52,670
Deferred Inflows Related to Pensions	2,544,669
Deferred Inflows Related to OPEB	<u>120,374</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,717,713</u>
NET POSITION	
Net Investment in Capital Assets	41,233,968
Restricted	3,639,737
Unrestricted	<u>(1,391,898)</u>
TOTAL NET POSITION	<u><u>\$ 43,481,807</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental Activities			
Instruction	\$ 4,802,025	\$ 254,492	\$ 942,333
Supporting Services	5,108,256	56,388	1,323,437
Interest Expense	<u>756,455</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$ 10,666,736</u></u>	<u><u>\$ 310,880</u></u>	<u><u>\$ 2,265,769</u></u>

General Revenues:
Taxes:
 Property Taxes
 Specific Ownership Taxes
Mineral Lease
State Equalization
Other Revenues
Investment Earnings
Gain on disposal of assets

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities</u>
\$ 16,116	\$ (3,589,085)
353,581	(3,374,851)
<u>-</u>	<u>(756,455)</u>
 <u>\$ 369,697</u>	 <u>(7,720,390)</u>

5,883,041
408,630
69,089
1,765,497
26,718
287,695
<u>291,990</u>
 <u>8,732,660</u>
 1,012,270
 <u>42,469,537</u>
 <u>\$ 43,481,807</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

ASSETS	General Fund	Special Revenue	
		Food Service Fund	Pupil Activity Fund
Cash and Investments	\$ 4,769,582	\$ 16,803	\$ 102,124
Cash with Fiscal Agent	49,436	-	-
Property Taxes Receivable	103,416	-	-
Interfund Accounts Receivable	6,401	17,261	-
Grants Receivable	118,553	12,117	-
Other Accounts Receivable	139,068	5,201	-
Inventory	-	3,617	-
Prepaid Expenses	53,806	-	-
TOTAL ASSETS	\$ 5,240,262	\$ 54,999	\$ 102,124
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 155,475	\$ 1,123	\$ 1,211
Interfund Accounts Payable	-	-	23,662
Accrued Salaries and Benefits	446,223	17,043	-
Payroll Taxes and Deductions Payable	175,172	4,264	-
Employee Compensated Absences	32,312	-	-
Unearned Revenue	71,750	6,374	-
Unearned Revenue Grants	196,810	-	-
TOTAL LIABILITIES	1,077,742	28,804	24,873
 DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Inflows	35,232	-	-
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	35,232	-	-
 FUND BALANCE			
Nonspendable	54,595	3,617	-
Restricted for:			
Labor emergencies	248,183	-	-
BEST Capital Reserve	-	-	-
Debt Service	-	-	-
Committed	1,240,911	22,578	77,251
Assigned	-	-	-
Unassigned	2,583,599	-	-
TOTAL FUND BALANCE	4,127,288	26,195	77,251
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 \$ 5,240,262	 \$ 54,999	 \$ 102,124

<u>Debt Service</u> <u>Bond Redemption</u> <u>Fund</u>	<u>Capital Projects</u>		<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>Building</u> <u>Fund</u>	<u>Capital Reserve</u> <u>Project Fund</u>	
\$ 3,035,540	\$ -	\$ 3,104,448	\$ 11,028,497
4,326	34,500	-	88,262
51,186	-	-	154,602
-	-	-	23,662
-	22,242	-	152,912
-	-	-	144,269
-	-	-	3,617
-	-	-	53,806
<u>\$ 3,091,052</u>	<u>\$ 56,742</u>	<u>\$ 3,104,448</u>	<u>\$ 11,649,627</u>
\$ -	\$ 35,000	\$ -	\$ 192,809
-	-	-	23,662
-	-	-	463,266
-	-	-	179,436
-	-	-	32,312
-	-	-	78,124
-	-	-	196,810
-	35,000	-	1,166,419
17,438	-	-	52,670
17,438	-	-	52,670
-	-	-	58,212
-	-	-	248,183
-	-	317,940	317,940
3,073,614	-	-	3,073,614
-	-	-	1,340,740
-	21,742	2,786,508	2,808,250
-	-	-	2,583,599
<u>3,073,614</u>	<u>21,742</u>	<u>3,104,448</u>	<u>10,430,538</u>
<u>\$ 3,091,052</u>	<u>\$ 56,742</u>	<u>\$ 3,104,448</u>	<u>\$ 11,649,627</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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HAYDEN SCHOOL DISTRICT RE-1, COLORADO

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023

Balance sheet - total fund balances		\$ 10,430,538
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		60,310,546
Long-term liabilities, including net pension liability, bonds payable, and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(28,076,366)
Accrued interest is not due or payable in the current period and, therefore, is not reported as a liability in the funds.		(61,040)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,485,401	
Deferred outflows of resources related to OPEB	57,771	
Deferred inflows of resources related to pensions	(2,544,669)	
Deferred inflows of resources related to OPEB	<u>(120,374)</u>	
Net deferred outflows (inflows)		<u>878,129</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 43,481,807</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Special Revenue	
		Food Service Fund	Pupil Activity Fund
REVENUES			
Local Sources	\$ 5,531,140	\$ 56,465	\$ 10,058
Intermediate Sources	45,831	-	-
State Sources	2,479,145	3,092	-
Federal Sources	691,328	78,480	-
TOTAL REVENUES	<u>8,747,444</u>	<u>138,037</u>	<u>10,058</u>
EXPENDITURES			
Instruction	4,517,390	-	24,894
Student Support	446,257	-	-
Instructional Support	252,715	-	-
General Administration	507,306	-	-
School Administration	361,039	-	-
Business Services	252,417	-	-
Operations and Maintenance	1,023,702	-	-
Student Transportation	233,618	-	-
Central Support	293,760	-	-
Food Services	-	202,903	-
Property	97,295	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>7,985,499</u>	<u>202,903</u>	<u>24,894</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>761,945</u>	<u>(64,866)</u>	<u>(14,836)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	560	-	-
Transfers in (out)	(385,012)	65,512	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(384,452)</u>	<u>65,512</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPEND- ITURES AND OTHER FINANCING USES	377,493	646	(14,836)
PRIOR PERIOD ADJUSTMENT	12,462	-	(12,462)
FUND BALANCE, BEGINNING OF YEAR	<u>3,737,333</u>	<u>25,549</u>	<u>104,549</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,127,288</u>	<u>\$ 26,195</u>	<u>\$ 77,251</u>

Debt Service Bond Redemption Fund	Capital Projects		Total Governmental Funds
	Building Fund	Capital Reserves Project Fund	
\$ 2,020,694	\$ -	\$ 93,943	\$ 7,712,300
23,258	-	-	69,089
-	27,757	325,823	2,835,817
-	-	-	769,808
<u>2,043,952</u>	<u>27,757</u>	<u>419,766</u>	<u>11,387,014</u>
-	-	-	4,542,284
-	-	-	446,257
-	-	-	252,715
-	-	-	507,306
-	-	-	361,039
849	-	-	253,266
-	-	-	1,023,702
-	-	-	233,618
-	-	-	293,760
-	-	-	202,903
-	38,257	430,716	566,268
848,570	-	-	848,570
759,169	-	-	759,169
<u>1,608,588</u>	<u>38,257</u>	<u>430,716</u>	<u>10,290,857</u>
<u>435,364</u>	<u>(10,500)</u>	<u>(10,950)</u>	<u>1,096,157</u>
-	-	1,250,000	1,250,560
-	(700)	320,200	-
-	(700)	1,570,200	1,250,560
435,364	(11,200)	1,559,250	2,346,717
-	-	-	-
<u>2,638,250</u>	<u>32,942</u>	<u>1,545,198</u>	<u>8,083,821</u>
<u>\$ 3,073,614</u>	<u>\$ 21,742</u>	<u>\$ 3,104,448</u>	<u>\$ 10,430,538</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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HAYDEN SCHOOL DISTRICT RE-1, COLORADO

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ 2,346,717
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,030,061) exceeded capital outlay (\$726,759) in the current period.	(1,303,302)
Governmental funds report the total amount received on the sale of assets. However, in the statement of activities the depreciated basis is taken into consideration when reporting the gain or loss on the sale of assets. This is the depreciated basis of the assets sold.	(958,570)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.	848,570
Payment of interest is an expenditure in the governmental funds, but accrued interest is accounted for in the statement of activities. This is the change in accrued interest payable.	2,714
Accrued compensated absences are not considered current liabilities, therefore, are not recorded as expenditures in the governmental funds. This is the change in accrued compensated absences.	6,039
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	14,125
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	<u>55,977</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,012,270</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hayden School District RE-1 conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

In evaluating how to define the District for financial reporting entity purposes, management uses the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14). Under GASB 14, the financial reporting entity consists of: a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of these criteria, no additional organizations are included within the District's reporting entity.

B. Description of Government-Wide Financial Statements

During fiscal year 2004, the District adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001, and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001.

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "*Accounting and Financial Reporting for Non-exchange Transactions.*"

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

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 or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Description of Government-Wide Financial Statements, continued

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

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

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

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 90 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Fund Accounting

The accounts of the School District are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following funds are currently being used by the District:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Fund - Food Service Fund is used to record financial transactions related to food service operations. The Food Services Fund is reflected as a Special Revenue Fund.

Pupil Activity Fund - The Pupil Activity Fund is used to account for transactions related to extra-curricular activities. Pupil Activity Fund is reflected as a Special Revenue Fund.

Capital Projects Fund - Capital Projects Funds are used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles. The Capital Reserve Fund and Building Fund are reflected as Capital Projects Funds.

Debt Service Fund - This fund was established to account for the repayment of the School District general obligation debt. The Bond Redemption Fund is reflected as a Debt Service Fund.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

Capital assets, which include land, building, building improvements and equipment are reported in the governmental activities column in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment is a unit cost of \$5,000 or more. Donated capital assets are recorded at estimated fair market value at date of donation.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation. Depreciation is calculated using the straight-line method over following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, building improvements, and site improvements	25-50
Administrative software/systems and equipment	5-20

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

G. Budgets and Budgetary Accounting

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

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

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Property Taxes Receivable and Reserve for Uncollectable – Taxes

Property taxes are levied on or before December 10 on property assessed as of January 1, (lien date) of each year. Tax bills are mailed on or before January 31 of the following year. The taxes are collectible in two installments, due February 28, and June 15, or in full by April 30. Property taxes are recognized as revenue, as of June 30, 2023, based on taxes collected and projected through August 31, 2023. The following is a summary of the property taxes receivable, net:

	General	Bond	Total
Property taxes receivable	\$ 103,416	\$ 51,186	\$ 154,602
Less allowance for uncollectable	(35,232)	(17,438)	(52,670)
Total	\$ 68,184	\$ 33,748	\$ 101,932

I. Accrued Compensated Absences

The District has three types of leave with Accrued Vacation being the only leave paid at termination and is maxed out as employees are eligible to accrue annual leave up to a maximum of two time (2x) their eligibility or a max of 40 days. Sick leave is comprised of PTO (Paid Time Off) which is based on the number of days staff works with the maximum yearly accrual of 12 days a year for those staff who work 208 days. Any unused PTO rolls over to Accrued Leave at year-end. Accrued Leave maxes out at 60 days an employee can be paid at half the current substitute pay for hours over 60 at year-end and/or upon retirement.

Eligible employees, regardless of position, will be awarded annual leave by length of contract criteria. One leave day award per month. The District allows eligible employees to accrue leave up to a maximum of 60 days. Upon retirement, the full accumulation is paid at ½ of the substitute rate. The estimated liability is reflected as long-term liability. Payments for unused leave are typically funded through the General Fund.

J. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

K. Accrued Salaries and PERA

The liability at June 30, 2023 for salaries earned by employees who contract for a period less than 12 months and receive payment over a twelve month period is reflected in the accompanying statements. The accrued liabilities are computed on these salaries and is shown as a liability.

L. Net Position and Fund Balances

In the government-wide financial statements, net position is classified in the following categories:

- Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.
- Restricted – assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.
- Unrestricted – represents the amount which is not restricted for any purpose. It is the District’s policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position and Fund Balances, continued

In the fund financial statements, fund balance of governmental funds are classified in the following categories:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 2 – JOINTLY GOVERNED ORGANIZATION

Pursuant to an agreement authorized by State Statutes, Hayden School District RE-1 joined with five other local school districts to establish and operate the Northwest Colorado Board of Cooperative Educational Services. The five other Districts are as follows:

- East Grand Schools
- South Routt Schools
- North Park Schools
- Steamboat Springs Schools
- West Grand Schools

The District has included in the accompanying financial statements, assistance passed through from BOCES and District disbursements to BOCES as revenues and expenditures, respectively, in the General Fund. The District does not retain any ongoing financial interest in either assets or liabilities of BOCES.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. Hayden School District RE-1 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 pensions 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 Hayden School District RE-1 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 comprehensive annual 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 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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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 and Hayden School District RE-1 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 Hayden School District RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Hayden School District RE-1 were \$789,395 for the year ended June 30, 2023.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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 Hayden School District RE-1 proportion of the net pension liability was based on Hayden School District RE-1 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 Hayden School District RE-1 reported a liability of \$10,602,131 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Hayden School District No. RE-1 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 Hayden School District No. RE-1 were as follows:

Hayden School District No. RE-1 proportionate share of the net pension liability	\$ 8,650,192
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Hayden School District No. RE-1	1,951,939
Total	\$ 10,602,131

At December 31, 2022, the Hayden School District No. RE-1 proportion was 0.04750%, which was a decrease of 0.00405% from its proportion measured as of December 31, 2021.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2023, the Hayden School District RE-1 recognized pension income of \$14,125 and revenue of \$214,955 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Hayden School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 92,414	\$ -
Changes of assumptions or other inputs	182,953	-
Net difference between projected and actual earnings on pension plan investments	2,703,627	1,743,411
Changes in proportion and differences between contributions recognized and proportionate share of contributions	88,328	801,258
Contributions subsequent to the measurement date	418,079	N/A
Total	\$ 3,485,401	\$ 2,544,669

\$418,079 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 ending 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	\$ 341,565
2025	154,049
2026	(342,360)
2027	(675,907)

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

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

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

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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

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

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

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

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

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

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

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

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Hayden School District RE-1 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 1-percentage-point lower (6.25%) or 1-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	\$ 11,320,127	\$ 8,650,192	\$ 6,420,524

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

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Hayden School District RE-1 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 Hayden School District RE-1 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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

General Information about the OPEB Plan, continued

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 basis for 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 basis for the maximum 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 Hayden School District RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF Hayden School District RE-1 were \$39,508 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 Hayden School District RE-1 reported a liability of \$294,741 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 Hayden School District RE-1 proportion of the net OPEB liability was based on Hayden School District RE-1 contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

At December 31, 2022, the Hayden School District RE-1 proportion was 0.03610%, which was an increase of 0.00250% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Hayden School District RE-1 recognized OPEB income of \$55,977. At June 30, 2023 the Hayden School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$44	\$68,759
Changes of assumptions or other inputs	32,328	13,352
Net difference between projected and actual earnings on OPEB plan investments	4,475	31,368
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	6,895
Contributions subsequent to the measurement date	20,924	N/A
Total	\$57,771	\$120,374

\$20,924 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:	
2024	\$38,877
2025	28,701
2026	12,291
2027	(3,203)
2028	4,473
Thereafter	2,388

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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

	State Division	School Division	Local Government Division	Judicial Division
	Entry age			
Actuarial cost method	2.30%			
Price inflation	0.70%			
Real wage growth	3.00%			
Wage inflation				
Salary increases, including wage inflation				
Member other than State Troopers	3.3%-10.9%	3.4%-11.0%	3.2%-11.3%	2.8%-5.3%
State Troopers	3.2%-12.4%	N/A	3.2%-12.4%	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	6.5% in 2022, gradually decreasing to 4.5% in 2030			
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.5% 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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. 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 that were used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed 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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

Sensitivity of the Hayden School District RE-1 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 ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$286,399	\$294,741	\$303,819

¹For the January 1, 2023, plan year.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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 used by the plan 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 Hayden School District RE-1 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 1-percentage-point lower (6.25%) or 1-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	\$341,692	\$294,741	\$254,583

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.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2023

NOTE 5 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments held as of June 30, 2023 are as follows:

<u>June 30, 2023</u>	<u>Cost</u>	<u>Market Value</u>
COLOTRUST	\$ 7,906,749	\$ 7,906,749
Mutual Funds - Zions	<u>2,912,471</u>	<u>2,921,011</u>
Total Investments	<u>\$ 10,819,220</u>	<u>\$ 10,827,760</u>

The District has invested \$7,906,749 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operated similarly to a money market fund and each share is equal to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At June 30, 2023 the District's investment in the COLOTRUST was rated AAAM by Standard & Poor's.

The mutual funds are held with Zions Bank. These investments are valued at the proportionate share of ownership of the quoted market price of the underlying assets.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - CASH AND INVESTMENTS, Continued

At June 30, 2023, cash and investments consisted of the following:

Deposits:	
Cash and Deposits	\$ 200,737
Investments:	
ColoTrust	7,906,749
Mutual Funds - Zions	<u>2,921,011</u>
Net Cash and Investments	<u>\$ 11,028,497</u>
Classifications:	
Restricted – Tabor Amendment – Emergency Reserve	\$ 248,183
Restricted for bond redemption	3,035,540
Committed for food service	16,803
Committed for student activities	102,124
Assigned for capital projects	<u>3,104,448</u>
Total Designated	<u>6,507,098</u>
Unreserved	<u>4,521,399</u>
TOTAL	<u>\$ 11,028,497</u>

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,916,746	\$ -	\$ (958,570)	\$ 958,176
Water Rights	10,000	-	-	10,000
Construction in progress	-	253,585	-	253,585
Total Capital Assets Not Being Depreciated	<u>1,926,746</u>	<u>253,585</u>	<u>(958,570)</u>	<u>1,221,761</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	53,477,290	38,258	-	53,515,548
Site Improvements	8,605,566	-	-	8,605,566
Transportation Equipment	972,249	370,527	(98,883)	1,243,893
Other Equipment	715,623	64,389	-	780,012
Total Capital Assets Being Depreciated	<u>63,770,728</u>	<u>473,174</u>	<u>(98,883)</u>	<u>64,145,019</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	(1,950,147)	(1,429,415)		(3,379,562)
Site Improvements	(344,222)	(344,223)	-	(688,445)
Transportation Equipment	(581,940)	(119,091)	98,883	(602,148)
Other Equipment	(248,746)	(137,333)	-	(386,079)
Total Accumulated Depreciation	<u>(3,125,055)</u>	<u>(2,030,062)</u>	<u>98,883</u>	<u>(5,056,234)</u>
Total Capital Assets Being Depreciated, Net	<u>60,645,673</u>	<u>(1,556,888)</u>	<u>-</u>	<u>59,088,785</u>
Governmental Activities Net Capital Assets	<u>\$ 62,572,419</u>	<u>\$ (1,303,303)</u>	<u>\$ (958,570)</u>	<u>\$ 60,310,546</u>

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

Governmental Activities:	
Instruction	\$ 304,509
Supporting Services	<u>1,725,553</u>
Total depreciation expense – governmental activities	<u>\$ 2,030,062</u>

NOTE 7 – INVENTORY

Food Service Fund inventory as of June 30, 2023 of \$3,617 consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in Long-Term Liabilities:

	July 1, 2022 Balance	Additions	Deductions	June 30, 2023 Balance	Due in One Year
2018 GO Bonds	\$ 19,925,148	\$ -	\$ (848,570)	\$ 19,076,578	\$ 881,605
Net Pension Liability	5,999,539	2,650,653	-	8,650,192	-
Net OPEB Liability	289,727	5,015	-	294,742	-
Accrued Compensated Absences	60,893	-	(6,039)	54,854	-
Total	\$ 26,275,307	\$ 2,655,668	\$ (854,609)	\$ 28,076,366	\$ 881,605

General Obligation Bonds Payable

On December 6, 2018, the School District issued \$22,296,400 of general obligation bonds used to help construct a consolidated PK-12 facility as well as renovate and incorporate the existing elementary school facility into the new PK-12 facility. The issuance bears an interest rate of 3.893 percent. Interest is payable semi-annually on June 1 and December 1 of each year. Principal is payable over a period of twenty years and is payable annually on December 1 of each year.

Principal and interest is payable on the outstanding obligations as follows:

Fiscal Year	Principal	Interest	Total Payments
2024	\$ 881,605	\$ 725,491	\$ 1,607,096
2025	915,925	690,502	1,606,427
2026	951,582	654,151	1,605,733
2027	988,627	616,385	1,605,012
2028	1,027,115	577,148	1,604,263
2029-2033	5,767,413	2,241,603	8,009,016
2034-2038	6,980,918	1,004,477	7,985,395
2039	1,563,393	30,431	1,593,824
Total	\$ 19,076,578	\$ 6,540,188	\$ 25,616,766

Accrued Compensated Absences

All employees, regardless of position, will be awarded annual leave by length of contract criteria. One leave day awarded per month. The District allows eligible employees to accrue leave up to a maximum of 60 days. Upon retirement, the full accumulation is paid at 1/2 of the substitute rate. The estimated liability is reflected as a long-term liability. Payments for unused leave are typically funded through the General Fund.

NOTE 9 – ACCRUED SALARIES AND BENEFITS

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

General Fund	\$ 446,223
Food Service Fund	<u>17,043</u>
Total Accrued Salaries and Benefits	\$ <u>463,266</u>

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 – INTERFUND ACTIVITY

Transfers to and from other funds at June 30, 2023 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Food Service Fund	\$ 65,512
Building Fund	General Fund	700
General Fund	Capital Reserves Project Fund	320,200
		<u>\$ 386,412</u>

Transfers among Funds are provided for as part of the Annual Budget process. Transfers are used to move revenues from the Fund required to collect the revenue to the Fund required or authorized to expend them. All interfund transfers for the fiscal year were routine in nature.

The School District also reported balances that were due (to) from other funds as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 6,401	\$ -
Food Service	17,261	-
Pupil Activity	-	23,662
Bond Redemption	-	-
Building	-	-
Balance	<u>\$ 23,662</u>	<u>\$ 23,662</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The School District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited but the School District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the School District.

In November 1992, Colorado Voter's amended Article X of the Colorado Constitution with the addition of Section 20, referred to as Tabor. The bill limits state and local government tax powers and imposes spending limitations. The School District is subject to the Amendment. Tabor requires advance voter approval, under specific guidelines, for the increase of any new tax or mill levy above that for the prior year. These provisions were applied in the November, 1994 election.

Tabor also requires the establishment of emergency reserves restricted for specified uses as outlined in the Bill. For the year ended June 30, 2023, the required 3% reserve was \$248,183.

The School District has outstanding BEST grant related construction commitments of \$35,000 of which \$12,756 is expected to be funded by the School District. The School District had \$34,500 remaining in construction escrow funds as of June 30, 2023.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, thefts of or damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters.

For liability and property claims, the School District is involved with Glatfelter Public Practice, a separate and legal entity program manager for educational institutions, municipalities and water/sewer entities.

Their purpose is to provide general liability, property, and workers compensation coverage and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members, their employees, and officers.

NOTE 13 – SPECIAL ELECTION (1994)

On November 8, 1994, the voters of Hayden School District RE-1 approved a ballot issue allowing the District to raise, receive and expend local property taxes in all subsequent years in the amount of \$430,000.

NOTE 14 – OVERRIDE ELECTION (1998)

At the regular election in November 1998, the voters of the Hayden School District RE-1 voted to authorize the District to collect, retain and expend all revenues and other funds received from any source during 1997-98 and each subsequent year, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, provided, however that no property tax mill levy shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of Hayden School District RE-1.

NOTE 15 – OVERRIDE ELECTION (2002)

At the regular election in November 2002, the voters of Hayden School District RE-1 approved the following ballot question:

Shall Hayden School District RE-1, Routt County, Colorado, taxes be increased \$154,000 annually for the 2002-2003 budget year and each budget year thereafter for the purpose of providing additional local property tax revenues for educational purposes, which revenue shall be the sole responsibility of local taxpayers by imposing annual mill levy in an amount sufficient to produce the amount specified above, which taxes shall be deposited into and expended from the General Fund of the School District and shall be in addition to the property taxes that otherwise would be levied for the General Fund, with such taxes to be collected and spent without further voter approval notwithstanding the limitation of Article X, Section 20 of the Colorado Constitution or any other law? Approved 11/5/2002.

NOTE 16 – BOND ISSUE ELECTION (2017)

At the regular election in November 2017, the voters of Hayden School District RE-1 approved the following ballot question:

Shall Hayden School District debt be increased by \$22,296,400, with a repayment cost of up to \$38,900,000, and shall district taxes be increase by up to \$1,945,000 annually by the issuance and payment of general obligation bonds to provide local matching money required for the District to receive approximately \$41,000,0000 in state grant funds (which are not required to be repaid) under the building excellent schools today ("BEST") program to finance the cost of:

Acquiring, constructing, equipping, and furnishing a consolidated PK-12 facility to provide state-of-the-art, safe and secure learning environment for students and staff;

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 – BOND ISSUE ELECTION (2017), Continued

Renovating and improving the existing elementary school facility and incorporating the elementary facility into the new PK-12 facility;

Renovating, updating, repurposing, and/or demolishing certain existing district facilities to the extent necessary to accomplish capital improvement goals;

And to the extent remaining funds are available for the purpose of acquiring, constructing, repairing and improving district capital assets, with such general obligation bonds to bear interest, mature, be subject to redemption, with or without premium of not more than three percent, and be issued at such time, at such price (at, above or below par) and in such manner containing such terms, not inconsistent with the ballot issue, as the board of education may determine, and shall ad valorem property taxes be levied without limit as the to the mill rate to generate and amount sufficient in each to pay the principal of, premium if any, and interest on such debt and to fund any reserves for the payment thereof, provided that any revenue produced by such mill levy shall not exceed \$1,945,000 annually;

And shall the district’s debt limit be increase from an amount equal to 20% of the district’s assessed value to amount equal to 6% of the district’s actual value, as certified by the county assessors of Routt Count? Approved 11/30/2017.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

Expenditures for the Pupil Activity Fund were incorrectly recorded the General Fund for fiscal year 2022. The following are the changes to beginning General Fund Balance and Pupil Activity Fund Balance:

	<u>General Fund Balance</u>	<u>Pupil Activity Fund Balance</u>
As previously reported June 30, 2022	<u>\$ 3,737,333</u>	<u>\$ 104,549</u>
Prior period adjustments:		
Expenditure adjustments	<u>12,462</u>	<u>(12,462)</u>
Restated balance, July 1, 2022	<u>\$ 3,749,795</u>	<u>\$ 92,087</u>

NOTE 19 – SUBSEQUENT EVENTS

The School District has evaluated subsequent events through December 20, 2023, the date at which the financial statements were available to be issued, and determined that there are no events that occurred that requires disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2023

	Budget	
	Original	Final
REVENUES		
Local sources		
Property taxes	\$ 3,742,336	\$ 3,742,336
Specific ownership taxes	388,104	388,104
Delinquent taxes	(303)	(303)
Tuition from individuals	91,437	91,437
Investment earnings	7,083	7,083
Pupil activity	22,891	22,891
Fees	33,305	33,305
Donations	582,511	582,511
Sale of assets	-	-
Other local	55,353	55,353
Intermediate sources		
Mineral lease	27,039	27,039
State sources		
State equalization	1,564,083	1,564,083
Transportation	36,778	36,778
State grants from CDE		
State ELPA	1,829	1,829
Full day kindergarten facility grant	16,116	16,116
Comp health - student wellness	24,500	24,500
State grants to libraries	4,500	4,500
School health professional	79,165	79,165
Small rural schools additional funding	183,390	183,390
Additional at-risk funding	-	-
READ act	11,415	11,415
State grants from other agencies		
Vocational education	21,610	21,610
School nurse	10,269	10,269
CDHS OEC grant	-	-
State PERA Contribution	-	-
State provided by BOCES	31,834	31,834
Other state	6,903	6,903
Federal sources		
Federal grants from CDE		
Title I	33,744	33,744
Title II-A	7,649	7,649
Title III-A	972	972
ESSER II	60,000	60,000
ESSER III	62,199	62,199
CARES Geer Rise grant	292,772	292,772
Natl Forest	-	-
School RN Workforce grant	76,459	76,459
Stabilization/Workforce	24,405	24,405
Workforce Program	100,000	100,000
Direct federal revenue		
REAP grant	-	-
Federal provided by BOCES	-	-
TOTAL REVENUES	\$ 7,600,348	\$ 7,600,348

<u>Actual</u>	<u>Variance from final budget</u>
\$ 3,896,251	\$ 153,915
408,630	20,526
39,304	39,607
164,680	73,243
120,017	112,934
34,392	11,501
45,811	12,506
795,337	212,826
560	560
26,718	(28,635)
45,831	18,792
1,765,497	201,414
38,239	1,461
1,929	100
16,116	-
23,393	(1,107)
4,500	-
73,014	(6,151)
183,390	-
1,606	1,606
13,090	1,675
37,589	15,979
24,066	13,797
8,583	8,583
214,955	214,955
64,705	32,871
8,473	1,570
83,920	50,176
8,587	938
-	(972)
63,000	3,000
62,199	-
242,544	(50,228)
18,621	18,621
49,016	(27,443)
23,639	(766)
85,879	(14,121)
43,865	43,865
10,058	10,058
<u>\$ 8,748,004</u>	<u>\$ 1,147,656</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE - CONTINUED

GENERAL FUND

For the Year Ended June 30, 2023

EXPENDITURES	Budget	
	Original	Final
Instruction		
Salaries	\$ 2,713,037	\$ 2,713,037
Benefits	1,086,684	1,086,684
Purchased services	168,912	168,912
Supplies	218,307	218,307
Property	82,871	82,871
Other expenses	18,814	18,814
Supporting services		
Students		
Salaries	309,218	309,218
Benefits	121,487	121,487
Purchased services	98,743	98,743
Supplies	12,653	12,653
Other expenses	324	324
Instructional		
Salaries	114,043	114,043
Benefits	46,460	46,460
Purchased services	132,276	132,276
Supplies	182,719	182,719
Property	10,800	10,800
Other expenses	5,368	5,368
General administration		
Salaries	205,457	205,457
Benefits	83,577	83,577
Purchased services	71,820	71,820
Supplies	30,786	30,786
Other expenses	8,774	8,774
School administration		
Salaries	252,705	252,705
Benefits	101,259	101,259
Purchased services	71,820	71,820
Supplies	1,620	1,620
Other expenses	1,836	1,836
Business services		
Salaries	158,913	158,913
Benefits	52,316	52,316
Purchased services	58,810	58,810
Supplies	1,512	1,512
Other expenses	(5,217)	(5,217)
Operations and maintenance		
Salaries	220,817	220,817
Benefits	93,332	93,332
Purchased services	272,160	272,160
Supplies	265,691	265,691
Property	-	-
Other expenses	540	540

<u>Actual</u>	<u>Variance from final budget</u>
\$ 2,487,477	\$ 225,560
1,078,115	8,569
508,998	(340,086)
258,240	(39,933)
138,062	(55,191)
46,498	(27,684)
249,178	60,040
87,184	34,303
89,953	8,790
19,942	(7,289)
-	324
109,858	4,185
34,699	11,761
57,835	74,441
38,967	143,752
-	10,800
11,356	(5,988)
270,353	(64,896)
96,612	(13,035)
91,149	(19,329)
36,343	(5,557)
12,849	(4,075)
256,691	(3,986)
95,287	5,972
4,378	67,442
3,144	(1,524)
1,539	297
128,817	30,096
61,814	(9,498)
46,977	11,833
14,809	(13,297)
-	(5,217)
251,917	(31,100)
100,218	(6,886)
384,412	(112,252)
283,742	(18,051)
-	-
3,413	(2,873)

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE - CONTINUED
 GENERAL FUND
 HAYDEN SCHOOL DISTRICT RE-1, COLORADO

	Budget	
	Original	Final
EXPENDITURES, Continued		
Supporting services, continued		
Student transportation		
Salaries	\$ 148,418	\$ 148,418
Benefits	48,725	48,725
Purchased services	63,720	63,720
Supplies	68,981	68,981
Property	-	-
Other expenses	(21,702)	(21,702)
Central support		
Benefits	63	63
Purchased services	328,837	328,837
Supplies	79,700	79,700
Other expenses	-	-
Property		
Supplies	43,000	43,000
Property	52,000	52,000
TOTAL EXPENDITURES	<u>8,082,986</u>	<u>8,082,986</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(482,638)</u>	<u>(482,638)</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	(522,116)	(522,116)
Fund balance appropriation	(265,213)	(265,213)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(787,329)</u>	<u>(787,329)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(1,269,967)	(1,269,967)
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>2,959,759</u>	<u>2,959,759</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,689,792</u>	<u>\$ 1,689,792</u>

<u>Actual</u>	<u>Variance from final budget</u>
\$ 140,574	\$ 7,844
50,334	(1,609)
61,136	2,584
33,653	35,328
10,316	(10,316)
(62,395)	40,693
1,037	(974)
261,260	67,577
42,822	36,878
(11,359)	11,359
35,895	7,105
61,400	(9,400)
<u>7,985,499</u>	<u>97,487</u>
<u>762,505</u>	<u>1,245,143</u>
(385,012)	137,104
-	265,213
<u>(385,012)</u>	<u>402,317</u>
377,493	1,647,460
12,462	12,462
<u>3,737,333</u>	<u>777,574</u>
<u>\$ 4,127,288</u>	<u>\$ 2,425,034</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years

Year Ended*	District's Proportion of the Net Pension Asset (Liability)	District's Proportionate Share of the Net Pension Asset (Liability)	Non-Employer Contributing Entity's Total Proportionate Share of the Net Pension Asset (Liability)	Total Proportionate Share Associated With District	District's Covered Payroll	District's Proportionate Share of the Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.068734%	\$ (8,766,967)	\$ -	\$ (8,766,967)	\$2,691,691	325.70%	64.07%
6/30/2015	0.069775%	(9,456,903)	-	(9,456,903)	2,842,943	332.64%	62.84%
6/30/2016	0.070233%	(10,741,574)	-	(10,741,574)	2,990,336	359.21%	59.16%
6/30/2017	0.071678%	(21,341,367)	-	(21,341,367)	3,173,424	672.50%	43.13%
6/30/2018	0.070981%	(22,952,652)	-	(22,952,652)	3,229,368	710.75%	43.96%
6/30/2019	0.055841%	(9,887,827)	(1,189,390)	(11,077,217)	3,069,890	322.09%	57.01%
6/30/2020	0.054234%	(8,102,468)	(912,017)	(9,014,485)	5,779,675	140.19%	64.52%
6/30/2021	0.056721%	(8,575,079)	-	(8,575,079)	3,244,792	264.27%	66.99%
6/30/2022	0.051554%	(5,999,539)	(617,035)	(6,616,574)	3,398,029	176.56%	74.86%
6/30/2023	0.047504%	(8,650,192)	(1,951,939)	(10,602,131)	3,878,908	223.01%	61.79%

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADOSCHEDULE OF DISTRICT'S CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years

<u>Year Ending*</u>	<u>Statutorily Required Contributions</u>	<u>Actual Contributions</u>	<u>Contributions Excess/ Deficiency</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2014	\$ 430,317	\$ 430,317	\$ -	\$ 2,691,691	15.99%
6/30/2015	480,263	480,263	-	2,842,943	16.89%
6/30/2016	530,423	530,423	-	2,990,336	17.74%
6/30/2017	583,250	583,250	-	3,173,424	18.38%
6/30/2018	609,994	609,994	-	3,229,368	18.89%
6/30/2019	587,270	587,270	-	3,069,890	19.13%
6/30/2020	1,120,101	1,120,101	-	5,779,675	19.38%
6/30/2021	634,322	634,322	-	3,244,792	19.55%
6/30/2022	675,528	675,528	-	3,398,029	19.88%
6/30/2023	789,338	789,338	-	3,878,908	20.35%

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Last 10 Fiscal Years

Year Ended*	District's Proportion of the Net OPEB Asset (Liability)	District's Proportionate Share of the Net OPEB Asset (Liability)	District's Covered Payroll	District's Proportionate Share of the OPEB Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as A Percentage of the Total OPEB Liability
6/30/2017	0.040743%	\$ (528,244)	\$ 3,173,424	16.646%	16.70%
6/30/2018	0.040331%	(524,141)	3,229,368	16.230%	17.53%
6/30/2019	0.000363%	(493,837)	3,069,890	16.086%	17.03%
6/30/2020	0.035467%	(398,651)	5,779,675	6.897%	24.49%
6/30/2021	0.032805%	(311,725)	3,244,792	9.607%	32.78%
6/30/2022	0.033599%	(289,727)	3,398,029	8.526%	39.40%
6/30/2023	0.036099%	(294,741)	3,878,908	7.599%	38.57%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net OPEB liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

<u>Year Ending*</u>	<u>Statutorily Required Contributions</u>	<u>Actual Contributions</u>	<u>Contributions Excess/ Deficiency</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2017	\$ 32,369	\$ 32,369	\$ -	\$ 3,173,424	1.02%
6/30/2018	32,940	32,940	-	3,229,368	1.02%
6/30/2019	31,313	31,313	-	3,069,890	1.02%
6/30/2020	58,953	58,953	-	5,779,675	1.02%
6/30/2021	33,097	33,097	-	3,244,792	1.02%
6/30/2022	34,660	34,660	-	3,398,029	1.02%
6/30/2023	39,565	39,565	-	3,878,908	1.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net OPEB liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGETARY COMPARISON SCHEDULE
 FOOD SERVICES FUND
 For the Year Ended June 30, 2023

	Budget	
	Original	Final
REVENUES		
Local Sources		
Food service revenue	\$ 2,667	\$ 2,667
Interest income	-	-
State Sources		
State Grants from CDE		
State child nutrition match	2,320	2,320
Other Agency State Grants	-	-
Federal Sources		
Federal Grants from CDE		
National School Lunch Program	82,825	82,825
Federal Grants from Other State Agencies		
National School Lunch Program - Commodities	10,661	10,661
TOTAL REVENUES	98,473	98,473
EXPENDITURES		
Supporting Services		
Food service		
Salaries	129,647	129,647
Benefits	76,327	76,327
Purchased services	1,965	1,965
Supplies and materials	90,180	90,180
Other	2,470	2,470
TOTAL EXPENSES	300,589	300,589
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(202,116)	(202,116)
OTHER FINANCING SOURCES (USES)		
Transfers in	202,116	202,116
Fund balance appropriation	(11,747)	(11,747)
TOTAL OTHER FINANCING SOURCES (USES)	190,369	190,369
EXCESS OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	(11,747)	(11,747)
FUND BALANCE, BEGINNING OF YEAR	20,764	20,764
FUND BALANCE, END OF YEAR	\$ 9,017	\$ 9,017

<u>Actual</u>	<u>Variance from final budget</u>
\$ 56,388 78	\$ 53,721 78
1,174	(1,146)
1,918	1,918
75,870	(6,955)
<u>2,610</u>	<u>(8,051)</u>
<u>138,038</u>	<u>39,565</u>
107,314	22,333
29,531	46,796
3,998	(2,033)
62,061	28,119
<u>-</u>	<u>2,470</u>
<u>202,904</u>	<u>97,685</u>
<u>(64,866)</u>	<u>137,250</u>
65,512	(136,604)
<u>-</u>	<u>11,747</u>
<u>65,512</u>	<u>(124,857)</u>
646	12,393
<u>25,549</u>	<u>4,785</u>
<u>\$ 26,195</u>	<u>\$ 17,178</u>

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2023

	Budget	
	Original	Final
REVENUES		
Local Sources		
Pupil activity	\$ -	\$ -
Fees	-	-
Investment earnings	-	-
	-	-
TOTAL REVENUES	-	-
EXPENDITURES		
Instruction		
Supplies	113,891	113,891
	113,891	113,891
TOTAL EXPENDITURES	113,891	113,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(113,891)	(113,891)
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	-	-
	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
EXCESS OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	(113,891)	(113,891)
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE, BEGINNING OF YEAR	113,891	113,891
FUND BALANCE, END OF YEAR	\$ -	\$ -

<u>Actual</u>	<u>Variance from final budget</u>
\$ 9,609	\$ 9,609
-	-
<u>449</u>	<u>449</u>
<u>10,058</u>	<u>10,058</u>
<u>24,894</u>	<u>88,997</u>
<u>24,894</u>	<u>88,997</u>
<u>(14,836)</u>	<u>99,055</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
(14,836)	99,055
<u>(12,462)</u>	<u>(12,462)</u>
<u>104,549</u>	<u>(9,342)</u>
<u>\$ 77,251</u>	<u>\$ 77,251</u>

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE
 BOND REDEMPTION FUND
 For the Year Ended June 30, 2023

	Budget	
	Original	Final
REVENUES		
Local Sources		
Property taxes	\$ 1,945,000	\$ 1,945,000
Delinquent taxes/penalties	-	-
Investment earnings	-	-
Intermediate Sources		
Mineral lease	-	-
TOTAL REVENUES	1,945,000	1,945,000
EXPENDITURES		
Support Services		
Other		
Purchased services	850	850
Debt Service		
Principal	848,600	848,600
Interest	1,095,550	1,095,550
TOTAL EXPENDITURES	1,945,000	1,945,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	-	-
Fund balance appropriation	(2,271,183)	(2,271,183)
TOTAL OTHER FINANCING SOURCES (USES)	(2,271,183)	(2,271,183)
EXCESS OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	(2,271,183)	(2,271,183)
FUND BALANCE, BEGINNING OF YEAR	2,271,183	2,271,183
FUND BALANCE, END OF YEAR	\$ -	\$ -

<u>Actual</u>	<u>Variance from final budget</u>
\$ 1,927,611	\$ (17,389)
19,875	19,875
73,208	73,208
23,258	23,258
2,043,952	98,952
849	1
848,570	30
759,169	336,381
1,608,588	336,412
435,364	435,364
-	-
-	2,271,183
-	2,271,183
435,364	2,706,547
2,638,250	367,067
\$ 3,073,614	\$ 3,073,614

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE
 BUILDING FUND
 For the Year Ended June 30, 2023

	Budget	
	Original	Final
REVENUES		
Local Sources		
Interest earned	\$ -	\$ -
State Sources		
CO BEST grant	100,000	100,000
TOTAL REVENUES	100,000	100,000
EXPENDITURES		
Facilities		
Property	100,000	100,000
TOTAL EXPENDITURES	100,000	100,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
EXCESS OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -

<u>Actual</u>	<u>Variance from final budget</u>
\$ -	\$ -
<u>27,758</u>	<u>(72,242)</u>
<u>27,758</u>	<u>(72,242)</u>
<u>38,258</u>	<u>61,742</u>
<u>38,258</u>	<u>61,742</u>
<u>(10,500)</u>	<u>(10,500)</u>
<u>(700)</u>	<u>(700)</u>
<u>(700)</u>	<u>(700)</u>
(11,200)	(11,200)
<u>32,942</u>	<u>32,942</u>
<u>\$ 21,742</u>	<u>\$ 21,742</u>

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

BUDGET COMPARISON SCHEDULE
CAPITAL RESERVE PROJECT FUND
For the Year Ended June 30, 2023

	Budget	
	Original	Final
REVENUES		
Local Sources		
Interest earned	\$ -	\$ -
State Sources		
Grant	317,000	317,000
TOTAL REVENUES	317,000	317,000
EXPENDITURES		
Facilities		
Property	465,000	465,000
TOTAL EXPENDITURES	465,000	465,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(148,000)	(148,000)
OTHER FINANCING SOURCES (USES)		
Transfers in	320,000	320,000
Sale of assets	1,250,000	1,250,000
Fund balance appropriation	(13,950)	(13,950)
TOTAL OTHER FINANCING SOURCES (USES)	1,556,050	1,556,050
EXCESS OF REVENUES OVER EXPEND- ITURES AND OTHER FINANCING USES	1,408,050	1,408,050
FUND BALANCE, BEGINNING OF YEAR	1,869,705	1,869,705
FUND BALANCE, END OF YEAR	\$ 3,277,755	\$ 3,277,755

<u>Actual</u>	<u>Variance from final budget</u>
\$ 93,943	\$ 93,943
<u>325,823</u>	<u>8,823</u>
<u>419,766</u>	<u>102,766</u>
<u>430,716</u>	<u>34,284</u>
<u>430,716</u>	<u>34,284</u>
<u>(10,950)</u>	<u>137,050</u>
320,200	200
1,250,000	-
<u>-</u>	<u>13,950</u>
<u>1,570,200</u>	<u>14,150</u>
1,559,250	151,200
<u>1,545,198</u>	<u>(324,507)</u>
<u>\$ 3,104,448</u>	<u>\$ (173,307)</u>

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**REPORTS AND SCHEDULE REQUIRED
BY OUTSIDE ENTITIES**

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Colorado Department of Education
Auditors Integrity Report
 District: 2760 - Hayden 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	3,749,795		8,362,992		7,985,500		4,127,288	
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0	
19 Colorado Preschool Program Fund	0		0		0		0	
Sub-Total	3,749,795		8,362,992		7,985,500		4,127,288	
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	25,549		203,549		202,903		26,194	
22 Govt Designated-Purpose Grants Fund	0		0		0		0	
23 Pupil Activity Special Revenue Fund	92,087		10,058		24,894		77,252	
25 Transportation Fund	0		0		0		0	
31 Bond Redemption Fund	2,638,250		2,043,952		1,608,588		3,073,614	
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0	
41 Building Fund	32,942		27,058		38,257		21,742	
42 Special Building Fund	0		0		0		0	
43 Capital Reserve Capital Projects Fund	1,545,198		1,989,966		430,716		3,104,448	
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0	
Totals	8,083,822		12,657,575		10,290,858		10,430,538	
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								

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.



Colorado Department of Education

Bolded Balance Sheet Report

District: 2760 - Hayden RE-1

Fiscal Year 2022-23

Colorado School District/BOCES

	Governmental				Proprietary			Totals
	General Funds 10,12-18	Special Revenue Funds 20, 22-29	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49			
ASSETS								
Cash and Investments (8100-8104,8111)	4,769,582	102,124	16,803	3,035,540	3,104,448			11,028,498
Cash with Fiscal Agent (8105)	49,436	0	0	4,326	34,500			88,262
Taxes Receivable (8121,8122)	68,184	0	0	33,748	0			101,932
Interfund Loans Receivable (8131,8132)	21,765	0	17,261	0	0			39,026
Intergovernmental Accounts Rec (8141)	0	0	0	0	0			0
Grants Accounts Receivable (8142)	118,553	0	12,117	0	22,243			152,912
Other Receivables (8151-8154,8161)	138,278	0	5,201	0	0			143,480
Inventories (8171,8172,8173)	0	0	3,617	0	0			3,617
Prepaid Expenses 8181,8182)	53,806	0	0	0	0			53,806
Other Current Assets (8191-8194,8199)	790	0	0	0	0			790
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0			0
Total Assets	5,220,394	102,124	54,999	3,073,614	3,161,191			11,612,322

Governmental

Proprietary

FUND EQUITY

	General Funds 10,12-18	Special Revenue Funds 20, 22-29	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Totals
Non-spendable Fund Balance 6710	54,595	0	3,617	0	0	58,213
Restricted Fund Balance 6720	0	0	0	3,073,614	0	3,073,614
TABOR 3% Emergency Reserve 6721	248,183	0	0	0	0	248,183
TABOR Multi-Year 6722	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	317,940	317,940
Total Program Reserve 6728	0	0	0	0	0	0
Committed Fund Balance 6750	1,240,911	89,714	22,577	0	0	1,353,202
Assigned Fund Balance 6760	0	0	0	0	2,808,251	2,808,251
Unassigned Fund Balance 6770	2,571,137	0	0	0	0	2,571,137
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0
Prior Period Adjustment 6880	12,462	-12,462	0	0	0	0
Total Fund Equity	4,127,288	77,252	26,194	3,073,614	3,126,191	10,430,538
	General Funds 10,12-18	Special Revenue Funds 20, 22-29	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Totals
Total Liabilities & Fund Equity	5,220,394	102,124	54,999	3,073,614	3,161,191	11,612,322
	General Funds 10,12-18	Special Revenue Funds 20, 22-29	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	
				Yes	Yes	Yes
	Yes	Yes	Yes	Yes	Yes	Yes

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

**REPORTS AND SCHEDULE FOR REPORTING
REQUIREMENTS OF UNIFORM GUIDANCE**



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

To the Board of Education
Hayden School District RE-1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hayden School District RE-1, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Hayden School District RE-1's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hayden School District RE-1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hayden School District RE-1's internal control. Accordingly, we do not express an opinion on the effectiveness of Hayden School District RE-1'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 Hayden School District RE-1'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*.

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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.

Cato CPA Services, PC

Rangely, CO
December 20, 2023



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

To the Board of Education
Hayden School District RE-1

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hayden School District RE-1's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Hayden School District RE-1's major federal programs for the year ended June 30, 2023. Hayden 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, Hayden School District RE-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Hayden 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 Hayden 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 Hayden 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 Hayden 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a

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reasonable user of the report on compliance about Hayden School District RE-1's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hayden 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 Hayden 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 Hayden 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.

Calo CPA Services, PC

Rangely, CO
December 20, 2023

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements notes	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that required to be reported in accordance with <i>Title 2 U.S. Code of Federal Regulations Part 200</i>	None noted
Major programs-	
ESF - GEER RISE	ALN #84.425C
ESSER II 9.5% Education Workforce Program	ALN #84.425D
Dollar threshold used to identify Type A from Type B programs	\$ 750,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

Note: There were no findings for the fiscal year ended June 30, 2022.

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Program Title</u>	<u>Federal ALN Number</u>	<u>Grant Project Code</u>	<u>Expenditures</u>
United States Department of Education			
Passed through Colorado Department of Education:			
Title II Part A - Teacher and Principal Training and Recruiting	84.367	4367	\$ 8,587
Title I Part A - Improving Basic Programs Operated by Schools	84.010	5010	49,838
CDC Nursing Workforce	93.354	7354	49,016
Title I Part A - ESSA	84.010	4010	34,082
ESSER III ARP 9.5% State Set-Aside Supplement	84.425U	9418	20,112
ESSER III ARP 9.5% Curricula Material Grant	84.425U	4431	42,087
ARP ESSER III State Set-Aside Rural Program Development	84.425U	4432	3,000
ESSER II 9.5% State Reserve Grant	84.425D	4419	60,000
ESSER II 9.5% Education Workforce Program	84.425D	4430	85,879
ESF - GEER RISE	84.425C	6425	242,544
Title VI Part B Sub-part I - REAP	84.358	4358	43,865
Title III Part A - English Language Acquisition	84.365	4365	982
Passed through State Board of Community Colleges:			
Carl Perkins Title I - Vocational Education	84.048	4048	<u>9,076</u>
Total United States Department of Education			<u>649,068</u>
United States Department of Health and Human Services			
Passed through Colorado Department of Early Childhood:			
CDEC Stabilization/Workforce Sustainability	93.575	3575	<u>23,639</u>
Total United States Department of Health and Human Services			<u>23,639</u>
United States Department of Agriculture:			
Passed through Routt County Treasurer:			
Schools and Roads - Grants to States	10.665	7665 B	18,621
Passed through Colorado Department of Human Services:			
Food Distribution Commodities	10.555	4555 C	2,610
Passed through Colorado Department of Education:			
SNAP: P-EBT Mini Grant	10.649	4649	628
Supply Chain Assistance	10.555	6555 C	19,186
National School Lunch Program	10.555	4555 C	<u>56,056</u>
Total United States Department of Agriculture			<u>97,101</u>
Total Federal Expenditures			<u>\$ 769,808</u>
Additional Information for Clusters:			
B - Forest Service Schools and Roads Cluster	\$ 18,621		
C - Child Nutrition Cluster	\$ 77,852		

HAYDEN SCHOOL DISTRICT RE-1, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Hayden School District RE-1 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE B – DETERMINING THE VALUE OF NON-CASH AWARDS EXPENDED

Food commodities are valued at the assessed value provided by the federal agency.

NOTE C – SUB RECIPIENTS

Hayden School District RE-1 did provide federal awards received to a sub recipient during the year ended June 30, 2023.

NOTE D – INDIRECT FACILITIES AND ADMINISTRATION COSTS

Hayden School District RE-1 does not opt to use the 10% de minimis cost rate allowed in Title 2, U.S. Code of Federal Regulations (C.F.R.), Part 200.414, Indirect (F&A) Costs.

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