

cPa DIXON, WALLER & CO., INC.

LA VETA PUBLIC SCHOOLS

LA VETA, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2023

DIXON, WALLER & CO., INC.

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LA VETA PUBLIC SCHOOLS

FINANCIAL STATEMENTS

JUNE 30, 2023

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LA VETA PUBLIC SCHOOLS
ROSTER OF SCHOOL OFFICIALS
June 30, 2023

BOARD OF EDUCATION

Annalee Hickey	President
Dr. Anthony Wayne Masinton	Vice-President
Joe P. Nix	Member
Kelli Bjorum	Member
Peggy Arnold-Hoobler	Member

SCHOOL OFFICIALS

Bree Lessar	Superintendent
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Education
La Veta Public Schools
La Veta, CO 81055

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the La Veta Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the La Veta Public Schools' 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 La Veta Public Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 La Veta Public Schools, 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 opinion.

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 La Veta Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the La Veta Public Schools' basic financial statements. The accompanying combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and state required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



December 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS FY 2022/2023

This section of the La Veta School District RE-2's annual financial report offers readers of the District's financial statements, a narrative summary, and an analysis of the District's financial performance during the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

In 2003/2004 La Veta School District RE-2 adopted a financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments*, the District is required to restate prior financial periods for the purpose of providing a comparative analysis from one fiscal year to the next.

Financial Highlights

- At the close of FY 2023, the District's net position changed from \$34,718,464 at the end of FY 2022 to \$31,524,646 at the end of FY 2023, a change in net position of \$3,193,818. The most significant change in the District's net position is the decrease of capital assets from \$38,286,252 to \$34,990,654, due to the disposal of assets on the district's old campus. Also affecting the District's net position are the accounting requirements of GASB 68, the Accounting and Financial Reporting for Pensions. GASB 68 affects the financial statement of Colorado PERA-affiliated employers. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflow of resources, and expenditures for the PERA defined benefit pension plan. GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. At the end of FY 2023, La Veta School District RE-2 showed \$5,434,019 for its proportionate share of net pension liability and \$409,865 of pension deferred inflow of resources. Also reported was net OPEB, other post-employment benefits, liability of \$185,182 and \$70,557 of deferred inflow of OPEB resources. Notes to the financial statement include additional information regarding GASB 68.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$4.1 million or 78% percent of operating revenues. Governmental activity expenses totaling \$8,197,025 were offset by \$5,003,207 of program specific revenues—charges for services, operating grants and contributions.

- The FY 2023 beginning fund balance in the District's General Fund, which includes Fund 10/General Fund and Fund19/Colorado Preschool Program (CPP), was \$711,393. General Fund received \$4,122,464 in revenues and expended \$4,023,800. The FY 2023 ending fund balance in the General Fund was \$1,201,011, an increase of \$489,618.
- Fund 21, the Food Service Fund, recognized \$81,730 in revenue and expended \$146,160. The FY 2023 ending fund balance in Fund 21, Food Service Fund, was \$4,551, a decrease of \$6,430.
- The Government Designated Purpose Grants, Fund 22, accounted for \$498,231 in revenue and expenditures related to governmental activities.
- The Activities Account, Fund 23, received \$80,134 in revenues and expended \$81,838. The ending fund balance in the Activities Account was \$76,910.
- Bond Redemption, Fund 31, had a beginning fund balance of \$381,774. Revenues totaled \$521,718. Bond property taxes accounted for \$502,401 of the total revenues. Principal and interest paid on the Series 2019 Improvement and Refunding Bond totaled \$417,200. The Bond Redemption fund balance on June 30, 2023 was \$486,292.
- The beginning fund balance in Fund 41, the Building Fund, was (\$6,046). Transfers from the general fund of \$6046 left an ending fund balance of \$0 in the Building Fund.
- Fund 43, Capital Reserve/Capital Projects, had a beginning fund balance of \$146,363. General Fund transferred \$40,000 to CRCP. Improvements to Stadium Drive totaling \$170,000 were incurred, leaving an ending fund balance in the Capital Reserve/Capital Projects Fund of \$16,363.

Overview of the Financial Statements

The Management's Discussion and Analysis statement is intended to serve as an introduction to La Veta School District RE-2's basic financial statements. The basic financial statements consist of three components: (1) District-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. Additionally, this report contains other supplementary information in conjunction with the basic financial statements.

The basic financial statements include two kinds of statements that present different views of the District. The basic financial statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

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

- The governmental funds statements tell how general government services were financed in the short-term as well as what remain for future spending.

- Proprietary fund statements offer short and long term financial information about the activities that the District operates like businesses. The District no longer has a proprietary fund.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the finances of La Veta School District RE-2, in a manner similar to private-sector business.

The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The Statement of Net Program presents information on all of the District's assets and liabilities, with the differences between the two reported as net program. Over time, increases or decreases in net program may serve as a useful indicator of whether the financial position of La Veta School District RE-2 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net program are reported as soon as the underlying event giving rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All of La Veta School District RE-2's financial activities are included in governmental activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Certain funds are required by law. Other funds control and manage money for particular purposes (such as federal grants or student activity). The District's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

La Veta School District RE-2 maintains seven governmental funds: General Fund, which includes the Colorado Preschool Program, the Food Service Fund, Government Designated Grants, Student Activities, Bond Redemption, Building Fund, and Capital Reserve Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. Included in the required supplementary information section is budget-to-actual information for all government funds as required by State Law.

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

La Veta School District RE-2 currently does not have any proprietary funds.

- **Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes stated by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

La Veta School District RE-2 currently does not have any fiduciary funds

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes budget-to-actual information for all funds as dictated by State law.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

All financial activities of the District are reported on the accrual basis of accounting. This section explains the differences between the current and prior year's assets, liabilities, and changes in the net assets.

TABLE 1

**La Veta School District RE-2
Changes in Net Program**

Table 1 provides a comparison of the District's net position from June 30, 2022 to June 30, 2023.

The Statement of Net Position reports all financial and capital resources. The statement presents assets and liabilities in order of relative liquidity. All liabilities reported are current as of June 30, 2023, consisting of accounts payable, accrued salaries and benefits, and internal payables. The difference between the District's assets and liabilities is its net position. In FY 2023, the District-wide net position was \$31,524,646.

Table 1:

NET POSITION

	2023		2022	
	Governmental Activities	Total	Governmental Activities	Total
ASSETS				
Current and Other Assets	2,295,599	2,295,599	2,217,327	2,217,327
Capital Assets - Net	40,170,654	40,170,654	43,671,262	43,671,262
Deferred Outflows	1,298,305	1,298,305	1,045,190	1,045,190
Total Assets and Flows	43,764,558	43,764,558	46,933,779	46,933,779
LIABILITIES				
Current and Other Liabilities	610,582	610,582	678,726	678,726
Long Term Liabilities	11,148,908	11,148,908	9,931,773	9,931,773
Deferred Inflows	408,422	408,422	1,604,816	1,604,816
Total Liabilities and Flows	12,167,912	12,167,912	12,215,315	12,215,315
NET POSITION				
Net Investment in Capital Assets	34,990,654	34,990,654	38,286,262	38,286,262
Restricted for:				
Tabor Reserve	156,000	156,000	396,000	396,000
Preschool	41,667	41,667	8,902	8,902
Food Service	-	-	1,193	1,193
Debt	486,292	486,292	381,774	381,774
Capital Outlay	16,363	16,363	-	-
Unrestricted	(4,166,330)	(4,166,330)	(4,355,667)	(4,355,667)
	31,524,646	31,524,646	34,718,464	34,718,464

TABLE 2

**La Veta School District RE-2
Changes in Net Program**

The District’s Governmental Activities are reported on the accrual basis of accounting. A condensed financial comparison of revenues and expenditures from FY 2022 to FY 2023 shows the District’s net program in total government activities decreased by \$3,193,818.

Table 2 provides a summary and comparison of the changes in the net program from FY 2022 to FY 2023.

**Table 2:
Changes in Net Position**

	2023		2022	
	Governmental Activities	Total	Governmental Activities	Total
Revenues				
Charges for Services	96,983	96,983	111,665	111,665
Operating Grants and Contributions	905,633	905,633	1,131,988	1,131,988
Capital Grants and Contributions	-	-	9,262,458	9,262,458
Property taxes	1,349,545	1,349,545	1,379,593	1,379,593
Specific Ownership Taxes	140,916	140,916	142,557	142,557
Equalization	2,192,311	2,192,311	1,839,761	1,839,761
Earnings on investments	17,054	17,054	1,347	1,347
Other Revenues	300,765	300,765	179,484	179,484
TOTAL REVENUES	5,003,207	5,003,207	14,048,853	14,048,853
Expenses				
Instructional services	3,627,753	3,627,753	3,612,985	3,612,985
Students	180,022	180,022	411,073	411,073
Instructional staff	115,857	115,857	131,516	131,516
District administration	325,790	325,790	276,856	276,856
School administration	209,729	209,729	279,917	279,917
Business	207,958	207,958	193,804	193,804
Operation and maintenance of facilities	517,808	517,808	495,475	495,475
Transportation	136,656	136,656	128,957	128,957
Central	502,325	502,325	318,605	318,605
Facility	-	-	-	-
Capital outlay	170,000	170,000	-	-
Interest on Long Term Liabilities	149,960	149,960	155,805	155,805
Food Service	147,380	147,380	136,807	136,807
Loss on Disposal of Assets	1,784,605	1,784,605	-	-
Pension and OPEB Changes	121,182	121,182	(1,377,720)	(1,377,720)
TOTAL EXPENSES	8,197,025	8,197,025	4,764,080	4,764,080
Increase (Decrease in Net Position)	(3,193,818)	(3,193,818)	9,284,773	9,284,773

TABLE 3

**La Veta School District RE-2
Governmental Activities
FY 2023**

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this Act, after rescissions, the District received \$13,785.68 per funded in-school student in FY 2023. The per-funded pupil amount included a 4% budget stabilization factor adjustment which totaled \$121,987.75. Total program per-pupil funding would have been \$14,312.62 without the budget stabilization factor. The total funded pupil count for FY 2023 was 231.5 which included 14.5 CPP slots.

Funding for the School Finance Act comes from property taxes, specific ownership taxes, and state equalization. In the General Fund, the District received \$4,055,672 in funding from these sources: 61% from state equalization, 28% from local property taxes, and 3% from specific ownership taxes.

The statement of activities provides the cost of program services and the related changes for services and grants offsetting those costs. Table 3 reflects each programs net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs).

Table - 3 Governmental Activities by Major Function

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	3627753	(2,769,838)	3612985	(2,548,085)
Students	180,022	(173,927)	411,073	(304,980)
Instructional staff	115857	(112,046)	131516	(131,516)
District administration	325790	(314,202)	276856	(276,856)
School administration	209,729	(199,333)	279,917	(279,917)
Business	207,958	(199,257)	193,804	(193,804)
Operation and maintenance of facilities	517,808	(507,696)	495,475	(495,475)
Transportation	136,656	(128,438)	128,957	(128,957)
Central	502,325	(498,275)	318,605	(318,605)
Facility	-	-	-	-
Capital outlay	170,000	(170,000)	-	9,262,458
Interest on Long Term Liabilities	149,960	(149,960)	155,805	(155,805)
Food Service	147,380	(65,650)	136,807	(64,147)
Loss on Disposal of Assets	1,784,605	(1,784,605)	-	-
Pension and OPEB Changes	121,182	(121,182)	(1,377,720)	1,377,720
Total	<u>8,197,025</u>	<u>(7,194,409)</u>	<u>4,764,080</u>	<u>5,742,031</u>

Table 4
La Veta School District RE-2
Capital Assets

Summary and a comparison from FY 2022 to FY 2023 of the Districts capital assets.

Table 4: Capital Assets (Net of Depreciation)

	Governmental <u>2022-2023</u>	Governmental <u>2021-2022</u>
Land & Sites	25,755	312,512
Buildings & Improvements	39,968,091	43,133,645
Equipment & Vehicles	175,592	222,669
Food Service	1,216	2,436
Total Capital Assets	<u>40,170,654</u>	<u>43,671,262</u>

Table 5
La Veta School District RE-2
Changes in Long Term Debt

Table 5 is a summary of the La Veta School District RE-2 long-term debt transactions in FY 2023. The 2019 General Obligation Improvement & Refunding Bonds were sold in July 2019. The balance on the 2019 General Obligations Bonds is \$5,767,851.

Changes In Long Term Debt	Beginning Balance	Additions	Reductions	Ending Balance
Compensated Absence	17,898	246		18,144
2019 G.O. Improv and Refunding	5,385,000		205,000	5,180,000
Unamortized Bond Premium	631,263		61,556	569,707
	<u>6,034,161</u>	<u>246</u>	<u>266,556</u>	<u>5,767,851</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds report is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

General Fund (Includes Fund 10/General Fund and Fund 19/Colorado Preschool Program)

The General Fund is the major operating fund of the District, providing the majority of the resources for the education and support programs. The Board of Education approved a budget in June 2022 based on a funded pupil count of 219 for the 2022/2023 school year.

In January 2023, the Board of Education approved a revised/finalized issuance of the budget. The primary reasons for the revision were a more precise student enrollment count and an updated beginning fund balance. The FY 2023 October pupil count was 231.5, the FTE count 217.

On July 1, 2023 the beginning fund balance in the Fund 10, General Fund, was \$711,393. Revenues for the General Fund totaled \$4,122,464, including \$98,000 transfers to both the Food Service and CRCP. Expenditures totaled \$4,023,800. The fund balance in the General Fund at the end of FY 2023 was \$1,201,011, an increase of \$489,618. This increase was largely due to increased enrollment numbers, the sale of district property, and unanticipated tax revenue resultant from the sale of the railroad.

CPP – Colorado Preschool Program (Fund 19)

Fund 19 accounts for revenue and expenditures associated with the preschool program. In FY 2023, CPP funding exceeded pre-school staffing expenses and pre-school funding was allocated to offset building and supplies costs. The preschool October count was 14.5. There was additional grant funding from the State of Colorado to support early childhood staffing costs. The ending fund balance of Fund 19 on June 30, 2023 was \$13,837.33.

Food Service (Fund 21)

Operating revenues in the Food Service Fund totaled \$81,730 which included \$15,145 local revenue, and \$65,706 in federal aid. The District's General Fund subsidized the food service program with a \$58,000 transfer in FY 2023. The ending fund balance in the Food Service Fund was \$4,551, a decrease \$6,430.

Government Designated Grants (Fund 22)

Fund 22, Government Designated Purpose Grants, is used to record financial transactions for grants received for designated programs funded by federal, state, and local sources. In FY 2023, Fund 22 accounted for \$498,231 in revenue and expenditures related to governmental activities. The Federal Title Programs accounted for \$106,759.17 of these revenues and expenditures. The

District received \$340,703 in ESSER III funds in FY 2023. The CDPHE School Nurse Grant, \$29,277.82, is used to enable the District to afford the critical need for a full-time school nurse. Carl Perkins Grant funding, \$19,580.05, was used to purchase non-capital and consumable items for Career and Technical Education for the vocational agriculture and vocational business programs.

Student Activity (Fund 23)

The Student Activity Fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and inter-scholastic athletics and other related activities. These activities are supported in whole or in part by revenue generated from fund-raising activities and donations. The FY 2023 beginning fund balance in the Student Activity Fund was \$78,614. Revenues in Activities totaled \$80,134, including a \$15,000 donation from an anonymous donor for food insecurity. Activity expenditures totaled \$81,838, leaving a fund balance of \$76,910 in the Student Activity Fund as of June 30, 2023.

Bond Redemption (Fund 31)

In November 2018, District voters approved the General Obligations Series 2019 Improvement and Refunding Bond, \$5,715,000, for the construction of a new PK-12 school and refunding the balance owed on the General Obligation Bonds, Series 2002. This general obligation bond provided the local match required for the District to receive BEST Grant funding. The District was awarded a BEST Cash Grant in August 2019. In December 2022, the Bond Redemption mill levy was certified at 13.418 mills to provide property tax revenue sufficient for the principal and interest payments required by the bond amortization schedule.

Revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest, are recorded in the Bond Redemption Fund, but are administered by a third-party custodian. The District's approved third-party custodian for the Bond Redemption Fund is UMB Corporate Trust Services. Property tax revenue in the Bond Redemption Fund totaled \$502,401. Specific ownership tax revenues generated by the bond mill levy are deposited directly into the General Fund account. A bond principal payment of \$205,000 and bond interest payments totaling \$212,200 were made in FY 2023. The balance owed on the Series 2019 Improvement and Refunding Bond at the end of FY 2023 was \$5,180,000. The fund balance in Bond Redemption as of June 30, 2022 was \$486,292.

Building Fund (Fund 41)

The Building Fund is used to account for all resources available for acquiring capital sites, buildings, and equipment. It is required that Fund 41 be used for Bond sales reported for capital acquisitions.

The 2019 General Obligation Improvement and Refunding Bonds were sold in July 2019. Bond proceeds of \$5,500,000 and \$803,678 in bond premium/discounts were deposited in the Building Fund. These funds provided the local match required for the \$35,978,781 BEST Grant approved for the construction of the new La Veta PK-12 school. Funds from the BEST Grant are accounted for in the Building Fund.

In FY 2022, the ending fund balance in the Building Fund was (\$6,046). Revenue of \$44,836 was received from the BEST Grant to complete the playgrounds and the district transferred \$6,046 from general fund to anticipate a final expenditure of \$50,882 in July 2023. The ending fund balance in the building fund on June 30, 2023 was \$50,882.

Capital Reserve/Capital Projects (Fund 43)

Capital Reserve/Capital Project Fund (Fund 43) is used to account for the acquisitions of sites, buildings, equipment, and vehicles.

The FY 2023 beginning fund balance in Fund 43, Capital Reserve Capital Projects was \$146,363. The district transferred \$40,000 from General Fund and incurred an expense of \$170,000 to complete improvements to the access road to the new school known as Stadium Drive. The ending fund balance in the CRCP fund was \$16,363.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Small rural funding was approximately \$95,000 in FY 2023, but will be reduced the District will receive approximately \$75,000 in small rural funding.
- In response to the COVID-19 pandemic, Congress passed stimulus bills in FY 2020 and FY 2021 that included funding for education. In FY 2022. The District received approximately \$798,000 in ESSER III funds which were used in FY 2022 and FY 2023. ESSER funding will not be available in FY 2024 and beyond.
- The teacher's salary base in La Veta RE-2 continues to be low in comparison to other schools in the State. The Board approved to increase the teacher's base salary schedule to \$37,100 in FY 2023. In order to continue to improve our competitive position with other regional school districts, the District's administration believes it is desirable to again increase the teacher's base salary by 2% for FY 2024. Because of this increase, the District's share of PERA will also increase.
- Assuring good health insurance for the employees remains a priority. In May 2023 the BEST Health Plan, a self-funded trust, disbanded which required the district to acquire new insurance. The District currently pays 100% of the individual premium for an employee's plan. Premiums for the single plan will be \$851.00 per employee, per month in FY 2023 after a move to CEBT. The District will remain with CEBT in FY 2024 but will determine if it is necessary to shop for a different plan for FY 2025.
- Future budget considerations for FY 2024 and FY 2025 need to include increases to building and liability insurance, electricity, propane, water, and maintenance related to the upkeep of the new building and the continuing maintenance of the Roger Brunelli Gymnasium.

CONTACTING THE FINANCIAL MANAGEMENT TEAM OF LA VETA SCHOOL DISTRICT RE-2

This financial report is designed to provide the District's taxpayers, citizens, investor, and creditors with a general overview of the District's financial status and to demonstrate the District's accountability for the money it receives.

If there are questions regarding this report or additional information is needed, please contact Superintendent Bree Jones at La Veta School District, 200 East Stadium Drive, PO Box 85, La Veta, CO 81055, 719-742-6416.

BASIC FINANCIAL STATEMENTS

LA VETA PUBLIC SCHOOLS
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	1,817,145	1,817,145
Accounts Receivable	24,783	24,783
Grants Receivable	218,904	218,904
Property Taxes Receivable	224,600	224,600
Prepaid Assets	-	-
Inventories	10,167	10,167
Capital Assets	44,987,640	44,987,640
Accumulated Depreciation	<u>(4,816,986)</u>	<u>(4,816,986)</u>
<u>TOTAL ASSETS</u>	<u>42,466,253</u>	<u>42,466,253</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	1,243,721	1,243,721
Other Post Employment Benefits	<u>54,584</u>	<u>54,584</u>
<u>TOTAL DEFERRED OUTFLOW OF RESOURCES</u>	<u>1,298,305</u>	<u>1,298,305</u>
<u>LIABILITIES</u>		
Accounts Payable	82,203	82,203
Accrued Salaries	264,666	264,666
Accrued Interest Payable	17,266	17,266
Compensated Absences	18,144	18,144
Unearned Revenue	8,303	8,303
Net Pension Liability	5,434,019	5,434,019
Net OPEB Liability	185,182	185,182
Unamortized Bond Premium	569,707	569,707
Debt Payable – Current	220,000	220,000
Debt Payable – Long-Term	<u>4,960,000</u>	<u>4,960,000</u>
<u>TOTAL LIABILITIES</u>	<u>11,759,490</u>	<u>11,759,490</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	409,865	409,865
Other Post Employment Benefits	<u>70,557</u>	<u>70,557</u>
<u>TOTAL DEFERRED INFLOW OF RESOURCES</u>	<u>480,422</u>	<u>480,422</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	34,990,654	34,990,654
Restricted for:		
TABOR Reserve	156,000	156,000
Preschool	41,667	41,667
Food Service	-	-
Debt	486,292	486,292
Unrestricted	<u>(4,149,967)</u>	<u>(4,149,967)</u>
<u>TOTAL NET POSITION</u>	<u>31,524,646</u>	<u>31,524,646</u>

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

LA VETA PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	<u>General Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Bond Fund</u>	<u>Building Fund</u>
<u>ASSETS</u>				
Cash and Equivalents	1,172,192	42,904	463,292	44,836
Accounts Receivable	24,783	-	-	-
Grants Receivable	843	214,063	-	-
Due From Other Funds	216,648	-	-	6,046
Property Taxes Receivable	181,300	-	43,300	-
Prepaid Assets	-	-	-	-
Inventories	-	-	-	-
<u>Total Assets</u>	<u>1,595,766</u>	<u>256,967</u>	<u>506,592</u>	<u>50,882</u>
<u>LIABILITIES</u>				
Accounts Payable	31,321	-	-	50,882
Accrued Salaries	222,388	36,643	-	-
Due To Other Funds	6,046	216,305	-	-
Interest Payable	-	-	-	-
Unearned Revenue	-	4,019	-	-
<u>Total Liabilities</u>	<u>259,755</u>	<u>256,967</u>	<u>-</u>	<u>50,882</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Taxes	<u>135,000</u>	<u>-</u>	<u>20,300</u>	<u>-</u>
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	-	-	-	-
Restricted for:				
Emergencies	156,000	-	-	-
Preschool	41,667	-	-	-
Food Service	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	486,292	-
Committed for:				
Capital Outlay	-	-	-	-
Assigned for:				
Pupil Activities	-	-	-	-
Unassigned	1,003,344	-	-	-
<u>Total Fund Balances</u>	<u>1,201,011</u>	<u>-</u>	<u>486,292</u>	<u>-</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
	<u>1,595,766</u>	<u>256,967</u>	<u>506,592</u>	<u>50,882</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
93,921	1,817,145
-	24,783
3,998	218,904
-	222,694
-	224,600
-	-
<u>10,167</u>	<u>10,167</u>
<u>108,086</u>	<u>2,518,293</u>
-	82,203
5,635	264,666
343	222,694
-	-
<u>4,284</u>	<u>8,303</u>
<u>10,262</u>	<u>577,866</u>
<u>-</u>	<u>155,300</u>
10,167	10,167
-	156,000
-	41,667
-	-
-	-
-	486,292
16,363	16,363
76,910	76,910
<u>(5,616)</u>	<u>997,728</u>
<u>97,824</u>	<u>1,785,127</u>
<u>108,086</u>	<u>2,518,293</u>

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

LA VETA PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2023

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

<u>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</u>	1,785,127
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$44,987,640 and the accumulated depreciation is \$4,816,986.	40,170,654
Property tax revenue is recognized when earned (claim to resources established) rather than when "available". All of the deferred property tax revenue is not available.	155,300
Accrued interest that is not due and payable on long term debt is not reported in the funds.	(17,266)
Compensated absences are not reported as a liability in the funds.	(18,144)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,180,000)
Unamortized bond premium is not reported as a liability in the funds.	(569,707)
The District's portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(5,434,019)
The District's portion of the net OPEB obligation is reported on the statement of net position is not reported as a liability in the funds.	(185,182)
Net deferred pension flows	833,856
Net deferred OPEB flows	<u>(15,973)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>31,524,646</u>

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

LA VETA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Designated Purpose Grants Fund	Bond Fund	Building Fund
<u>REVENUES</u>				
Property Taxes	1,148,214	-	502,401	-
Specific Ownership Taxes	140,916	-	-	-
Earnings on Investments	9,926	-	7,128	-
Other Local Sources	291,076	10,634	12,189	-
State Aid	2,465,540	34,514	-	-
Federal Aid	66,792	453,083	-	-
<u>Total Revenues</u>	<u>4,122,464</u>	<u>498,231</u>	<u>521,718</u>	<u>-</u>
<u>EXPENDITURES</u>				
Current:				
Instructional Services	1,854,629	498,231	-	-
Supporting Services:				
Students	180,022	-	-	-
Instructional Staff	115,857	-	-	-
District Administration	325,790	-	-	-
School Administration	209,729	-	-	-
Business	207,958	-	-	-
Operation & Maintenance of Facilities	515,280	-	-	-
Transportation	112,210	-	-	-
Central Support	502,325	-	-	-
Food Service	-	-	-	-
Debt Service:				
Principal Retirement	-	-	205,000	-
Interest and Fiscal Charges	-	-	212,200	-
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>4,023,800</u>	<u>498,231</u>	<u>417,200</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	98,664	-	104,518	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(104,046)	-	-	6,046
Sale of Assets	495,000	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>390,954</u>	<u>-</u>	<u>-</u>	<u>6,046</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	489,618	-	104,518	6,046
<u>FUND BALANCES – Beginning</u>				
	711,393	-	381,774	(6,046)
<u>FUND BALANCES – Ending</u>				
	<u>1,201,011</u>	<u>-</u>	<u>486,292</u>	<u>-</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	1,650,615
-	140,916
-	17,054
95,279	409,178
879	2,500,933
<u>65,706</u>	<u>585,581</u>
<u>161,864</u>	<u>5,304,277</u>
81,838	2,434,698
-	180,022
-	115,857
-	325,790
-	209,729
-	207,958
-	515,280
-	112,210
-	502,325
146,160	146,160
-	205,000
-	212,200
<u>170,000</u>	<u>170,000</u>
<u>397,998</u>	<u>5,337,229</u>
<u>(236,134)</u>	<u>(32,952)</u>
98,000	-
-	495,000
<u>98,000</u>	<u>495,000</u>
(138,134)	462,048
<u>235,958</u>	<u>1,323,079</u>
<u>97,824</u>	<u>1,785,127</u>

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

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

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>	462,048
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	
Capital Outlays more than \$5,000	7,857
Net Disposal of Assets	(2,279,605)
Depreciation Expense	<u>(1,228,860)</u>
	(3,500,608)
<p>Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues increased this year.</p>	
	(301,070)
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount.</p>	
	(246)
<p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:</p>	
Accrued Interest	684
Debt Payment	205,000
Premium Amortization	61,556
<p>The statement of activities reports net pension obligation which is not reported in the fund financial statements.</p>	
Change in net pension obligation	(1,503,661)
Change in net OPEB obligation	4,970
Deferred flows from net pension obligation	1,349,671
Deferred flows from net OPEB obligation	<u>27,838</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	<u>(3,193,818)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

LA VETA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of La Veta Public Schools (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

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

A. Reporting Entity

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

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

LA VETA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Bond Fund, Building Fund and Designated Purpose Grants Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

