

TELLURIDE SCHOOL DISTRICT R-1
TELLURIDE, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
June 30, 2023

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Board of Education
Telluride School District R-1
Telluride, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Telluride School District No. R-1 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Telluride School District No. R-1 as of June 30, 2023, and the respective changes in financial position for the year then ended in conformity 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 Telluride School District No. R-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.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 6 to the financial statements, effective July 1, 2022, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Telluride School District No. R-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 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.

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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 Telluride School District No. R-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 Telluride School District No. R-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, the budgetary comparison information and the pension disclosure information, listed as "required supplementary information" in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Telluride School District No. R-1's basic financial statements. The combining and individual fund financial statements and additional schedules listed as "supplementary information" in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. The electronic financial data integrity check figures and reconciliation are presented for purposes of additional analysis as required by the Colorado Department of Education, and are also not required parts of the basic financial statements. The information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Supplementary Information - continued

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's financial statements. Such information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024 on our consideration of the Telluride School District No. R-1's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Telluride School District No. R-1's internal control over financial reporting and on compliance.



MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
February 14, 2024

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Telluride School District R-1 is a public school district located in San Miguel County in southwest Colorado. The District consists of Telluride Elementary, Intermediate, and Middle/High School. The District is a political subdivision of the State of Colorado, and serves the towns of Telluride, Mountain Village, Ophir, Sawpit and portions of unincorporated San Miguel County.

The discussion and analysis of the Telluride School District R-1's financial performance provides an overall review of the District's financial activities. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2023 are as follows:

- Governmental Accounting Standards require the District to report its proportionate share of the State total PERA net pension liability and its proportionate share of the State total PERA Health Care Trust Fund net OPEB liability in its government-wide financial statements. As of June 30, 2023, the District's share of the PERA net pension liability is approximately \$21,347,361 and the District's share of the PERA HCTF net OPEB liability is \$726,669. Fund level financial statements are not impacted by GASB 68 and GASB 75 reporting for PERA and PERA HCTF liabilities.
- The District's overall net position is positive with governmental assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$12,374,875.
- The District's total net position of governmental activities increased by \$1,388,525, primarily due to the impacts of GASB Statements No. 68 and No. 75, which is a contrast to its decrease in fund balance on a governmental fund basis of \$4,521,057. A reconciliation of the differences between changes in governmental fund balances and changes in net position is found on page 17 and a discussion of the differences between the two accounting methodologies is discussed below.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Telluride School District R-1 as a financial whole, or as an entire operating activity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds with all other non-major funds presented in total in a single column. For the Telluride School District R-1, the General Fund is the most significant fund. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the reporting entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District, and its component units.

The two statements report the District's net position and changes therein. This change is important because it identifies whether the financial condition of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws, enrollment levels, statutorily required reserves, facility conditions, required educational programs and other factors.

The School District's activities as reflected on the Statement of Net Position and the Statement of Activities consist of the following:

Governmental Activities – Governmental activities are those that are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. The School District's programs and services are reported here including instruction, support services, operation and maintenance, pupil transportation, and extracurricular activities.

The District currently has no Business-type activities, which are those provided on a charge for goods or services basis to recover all expenses of the goods and services provided.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

FUND FINANCIAL STATEMENTS

Fund financial reports provide detailed information about the District's major funds. The District considers all funds as significant, or major, funds. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. Fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

Governmental Funds – The District's activities in governmental funds focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between government-wide activities and the governmental funds is reconciled in the financial statements. The District's major governmental funds are:

General Fund – The General Fund is the District's primary operating fund and accounts for the majority of the District's instruction and support operations, including preschool operations.

Food Service Fund – The Food Service Fund is a special revenue fund which accounts for the District's general food service activities with revenue sources specifically designated for such activities.

Pupil Activity Fund – The Pupil Activity Fund is a special revenue fund which accounts for student athletic/nonathletic activities with revenue sources raised specifically from such activities

Transportation Fund – The Transportation Fund is a special revenue fund which accounts for transportation operations funded primarily by property taxes and other State operating grants.

Affordable Housing Fund – The Affordable Housing Fund is a special revenue fund which accounts for housing units the District holds for employee housing needs.

Palm Theatre Fund – The Palm Theatre Fund is a special revenue fund which accounts for contributed revenue to the theatre and certain expenditures for operations of the theatre.

Debt Service Fund – The Debt Service Fund accounts for property tax collections and transactions related to the District's indebtedness.

Building Fund – The Building Fund accounts for the District's General Obligation Improvement Bonds Series 2021B that have been issued to finance the costs of improving, repairing and making additions to school buildings, equipping or furnishing school buildings, improving school grounds, or acquiring, constructing or improving capital assets for District purposes.

Capital Projects Fund – The Capital Projects Fund accounts for the District's funding for capital needs.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

NOTES TO THE FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY & SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required by U.S. generally accepted accounting principles, as well as other supplementary information to assist the reader in a full understanding of the financial statements and additional schedules required by the Colorado Department of Education.

THE DISTRICT AS A WHOLE

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the current compared to the prior fiscal year:

<i>(In Thousands)</i>	Governmental Activities		Total	
	2023	2022	2023	2022
<u>ASSETS:</u>				
Current and Other Assets	\$ 13,443	\$ 17,300	\$ 13,443	\$ 17,300
Capital Assets, Net	<u>46,932</u>	<u>42,543</u>	<u>46,932</u>	<u>42,543</u>
	<u>60,375</u>	<u>59,843</u>	<u>60,375</u>	<u>59,843</u>
<u>DEFERRED OUTFLOWS:</u>				
Related to Pensions	5,771	5,651	5,771	5,651
Related to OPEBs	<u>167</u>	<u>146</u>	<u>167</u>	<u>146</u>
	<u>5,938</u>	<u>5,797</u>	<u>5,938</u>	<u>5,797</u>
<u>LIABILITIES:</u>				
Current & Other Liabilities	4,630	4,191	4,630	4,191
Long-term Liabilities	22,207	23,458	22,207	23,458
Net Pension Liability	21,347	16,617	21,347	16,617
Net OPEB Liability	<u>727</u>	<u>804</u>	<u>727</u>	<u>804</u>
	<u>48,911</u>	<u>45,070</u>	<u>48,911</u>	<u>45,070</u>
<u>DEFERRED INFLOWS:</u>				
Deferred Gain on Refunding	955	972	955	972
Related to Pensions	3,770	8,317	3,770	8,317
Related to OPEBs	<u>302</u>	<u>295</u>	<u>302</u>	<u>295</u>
	<u>5,027</u>	<u>9,584</u>	<u>5,027</u>	<u>9,584</u>
<u>NET POSITION:</u>				
Invested in Capital Assets, Net of Related Debt	25,099	18,234	25,099	18,234
Restricted	3,723	4,593	3,723	4,593
Unrestricted	<u>(16,447)</u>	<u>(11,841)</u>	<u>(16,447)</u>	<u>(11,841)</u>
	<u>\$ 12,375</u>	<u>\$ 10,986</u>	<u>\$ 12,375</u>	<u>\$ 10,986</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources to repay debt on these assets must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted balances are amounts set aside by management to satisfy debt service requirements, finance future purchases and pay for capital projects as planned by the District. The District's Statement of Net Position also includes the District's proportionate share of the unfunded liability in the Public Employees Retirement Association (PERA) future retiree pension and PERA Health Care Trust Fund (OPEB). The negative unrestricted net position balance merely represents that there are *long-term* obligations, including Pensions and OPEB, in excess of *currently* available resources.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

THE DISTRICT AS A WHOLE -- CONTINUED

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current fiscal year:

<i>(In Thousands)</i>	Governmental Activities		Total	
	2023	2022	2023	2022
<u>REVENUES:</u>				
Program Revenues:				
Charges for Services & Sales	\$ 1,108	\$ 576	\$ 1,108	\$ 576
Operating Grants & Contributions	3,169	2,263	3,169	2,263
Capital Grants and Contributions	737	-	737	-
Total Program Revenues	5,014	2,839	5,014	2,839
General Revenues:				
Property & Ownership Taxes	12,695	12,703	12,695	12,703
Grants and Entitlements	4,458	4,298	4,458	4,298
Accretion of Bond Premium	219	188	219	188
Interest & Investment Earnings	392	56	392	56
Other General Revenues	688	130	688	130
Total General Revenues	18,452	17,375	18,452	17,375
Total Revenues	23,466	20,214	23,466	20,214
<u>PROGRAM EXPENSES:</u>				
Instruction	11,302	10,789	11,302	10,789
Support Services:				
Students	1,501	1,237	1,501	1,237
Instructional Staff	2,025	1,521	2,025	1,521
General Administration	616	543	616	543
School Administration	870	837	870	837
Business Support Services	377	309	377	309
Operations and Maintenance	1,707	1,705	1,707	1,705
Student Transportation	341	260	341	260
Central Support Services	474	423	474	423
Food Services	426	440	426	440
Colorado Preschool	156	183	156	183
Community Services	394	325	394	325
Facilities Acquisition	1,387	-	1,387	-
Unallocated PERA Actuarial Adj.	63	(5,759)	63	(5,759)
Unallocated PERA OPEB Adj.	(90)	(77)	(90)	(77)
Interest and Fiscal Charges	529	899	529	899
Total Expenses	22,078	13,635	22,078	13,635
Increase (Decrease) in Net Position	\$ 1,388	\$ 6,579	\$ 1,388	\$ 6,579

Most of the District's revenues come from the Public School Finance Act of 1994 (SFA), which is comprised of general property taxes, specific ownership taxes and state equalization based on the statewide formula for pupil funding. For the fiscal year 2023, the net position of the District's governmental activities increased by approximately \$1.4 million primarily resulting from the District's allocated portion of actuarial adjustments to PERA net pension and OPEB liabilities.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

THE DISTRICT AS A WHOLE -- NET COST OF SERVICES

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

<i>(In Thousands)</i>	<u>Fiscal Year 2023</u>		<u>Fiscal Year 2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 11,302	\$ 9,256	\$ 10,789	\$ 9,173
Support Services:				
Students	1,501	1,125	1,237	1,054
Instructional Staff	2,025	1,537	1,521	1,388
General Administration	616	603	543	538
School Administration	870	839	837	825
Business Support Services	377	276	309	255
Operations and Maintenance	1,707	1,089	1,705	1,469
Student Transportation	341	297	260	216
Central Support Services	474	417	423	380
Food Services	426	152	440	63
Colorado Preschool	156	156	183	183
Community Services	394	165	325	189
Facilities Acquisition/Construction	1,387	650	-	-
Unallocated PERA Adjustment	63	63	(5,759)	(5,759)
Unallocated PERA OPEB Adjustment	(90)	(90)	(77)	(77)
Interest and Fiscal Charges	529	529	899	899
Total Expenses	<u>\$ 22,078</u>	<u>\$ 17,064</u>	<u>\$ 13,635</u>	<u>\$ 10,796</u>

The dependence on general revenues for governmental activities is apparent, whereas approximately 82% and 85% of instruction activities were supported through taxes and other general revenues in 2023 and 2022, respectively. The community as a whole is the primary support for District students.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds are accounted for using the modified accrual basis of accounting.

Governmental Funds –

The *General Fund* had an overall increase in fund balance of \$91,630. The ending fund balance of \$5,471,164 is the amount available for future spending.

The *Food Service Fund* had an overall decrease in fund balance of \$101,587. The ending fund balance of \$6,832 is the amount available for future spending.

The *Pupil Activity Fund* had an overall decrease in fund balance of \$148,290. The ending fund balance of \$6,860 is the amount available for future spending.

The *Transportation Fund* had an overall decrease in fund balance of \$96,877. The ending fund balance of \$77,883 is the amount available for future spending.

The *Affordable Housing Fund* had an overall decrease in fund balance of \$654,915. The ending fund balance of \$51,489 is the amount available for future spending.

The *Palm Theatre Fund* had an overall change in fund balance of \$0. The ending fund balance of \$25,076 is the amount available for future spending.

The *Debt Service Fund* had an overall increase in fund balance of \$133,921. The ending fund balance of \$2,998,547 is the amount available for future spending.

The *Building Fund* had an overall decrease in fund balance of \$828,994 as the result of the District's issuance of General Obligation Improvement Bonds Series 2021B to be used for capital assets and improvements. The ending fund balance of \$85,670 is the amount available for future spending.

The *Capital Projects Fund* had an overall decrease in fund balance of \$2,915,945 which depleted fund balances.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(F)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of the current fiscal year, the District amended its budget as needed.

For the General Fund, actual revenues and other financing sources in the amount of \$18,510,516 exceeded budgetary expectations of \$18,199,198 by \$311,318 primarily due to additional interest earnings and specific ownership tax revenues which are beyond the control of management.

The District's General Fund actual expenditures and other financing uses of \$18,418,886 were \$32,350 less than budgeted expenditures and other financing uses of \$18,451,236. The major differences between the District's budgeted amounts and actual expenditures were primarily in salaries, benefits and purchased services which fluctuate based on available federal and state grant funding.

The Board of Directors and District management continue to strive to budget appropriate amounts for each individual line item. It is not anticipated that this year's budgetary variances will have a significant impact on future services or liquidity. The overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

CAPITAL ASSETS

At the end of fiscal year 2023, the District had a total of \$46,888,689 invested in capital assets for *governmental activities*. Additional information on the District's capital assets can be found in *Note 4* of the financial statements.

The following reflects the balances of fiscal year 2023 compared to fiscal year 2022:

<i>(In Thousands)</i>	Governmental Activities	
	2023	2022
<i>Net of Depreciation:</i>		
Land	\$ 1,277	\$ 1,277
Construction in Progress	6,425	1,392
Buildings & Improvements	37,398	38,187
Solar Array	960	1,017
Transportation and Other Equipment	829	670
	<u>\$ 46,889</u>	<u>\$ 42,543</u>

DEBT ADMINISTRATION

At June 30, 2023 the School District's governmental activities had: 1) outstanding certificates of participation of \$2,135,000 with a deferred premium of \$219,690; 2) outstanding general obligation bonds of \$2,005,000 with a deferred premium of \$391,488; 3) outstanding general obligation refunding bonds of \$15,135,000; 4) outstanding general obligation improvement bonds of \$1,615,000 with a deferred premium of \$288,314; and 5) accrued compensated absences of \$417,973. Other long-term obligations consist of the District's proportionate share of the aforementioned PERA Net Pension Liability (see Notes 1 & 11) in the amount of \$21,347,361 and PERA HCTF Net OPEB Liability (see Notes 1 & 14) in the amount of \$726,669.

Additional information can be found in *Note 5* of the financial statements.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

In early 2020, a worldwide pandemic arose caused by the coronavirus (Covid-19). Management has acknowledged the threat of the coronavirus; however, the long-term impact on operations is currently unknown as of the date of the auditor's report.

The Public School Finance Act of 1994 (SFA) is the largest source of revenue for the District's operating funds. The SFA calculates per-pupil funding by school district based upon a formula using a number of factors including cost of living, number of students, district size, personnel vs. non-personnel costs, and number of at-risk students. The purpose of the SFA was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the SFA are derived by the following formula:

$$\textit{Total Program Funding} = \textit{local property taxes} + \textit{general specific ownership taxes} + \textit{state equalization}$$

The District has implemented many cost-savings measures, as well as planning for utilization of existing fund balances, to maintain faculty staffing levels. The Board and Administration continue to carefully review spending to maintain a careful balance between education and fiscal responsibility.

According to Colorado PERA, the overall Statewide collective net pension liability for the PERA School Division Trust Fund is \$18.2 billion, an increase of approximately \$6.6 billion from the prior year. This and the effect of other actuarial changes have increased the District's proportionate share of the collective net pension liability. In addition, the overall statewide collective PERA Health Care Trust Fund Net OPEB liability decreased from \$862 million to \$816 million, with a corresponding decrease in the District's proportionate share thereof. During the 2018 legislative session, the Colorado General Assembly passed significant pension reform with the goal of eliminating the unfunded actuarial accrued liability and reaching a 100 percent funded ratio within the next 30 years.

It is important to note that the requirements for the reporting of the proportionate share of the net pension and net OPEB liabilities do not necessarily reflect the financial condition of a governmental entity because the liabilities cannot be made immediately due and payable. Furthermore, the District has no legal obligation to fund PERA's unfunded accrued actuarial liability nor does the District have any ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the defined pension plan. It is also important to note that the reporting requirements have no impact on the District's fund level financial statements which are used for internal and budgetary use; rather, the change only effects the District's government-wide financial statement reporting (a long-term perspective) in the year-end audited financial statements.

See the accompanying financial statement notes for the full disclosures related to PERA and OPEB.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2023

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Telluride School District R-1
Attn: Finance Director
725 West Colorado Avenue
Telluride, CO 81435

GOVERNMENT - WIDE FINANCIAL STATEMENTS

TELLURIDE SCHOOL DISTRICT R-1

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 7,869,057
Restricted Cash and Cash Equivalents	2,905,388
Receivables:	
Property Taxes	697,650
Cash w/ County Treasurer	135,147
Net Present Value of Leases Receivable	263,843
Other Receivables	1,539,240
Prepaid Expense	25,465
Inventories	7,494
Capital Assets:	
Capital Assets, Non-depreciable	7,701,872
Capital Assets, Net of Depreciation	39,186,817
Right-to-use Lease Assets, Net of Amortization	43,521
TOTAL ASSETS	60,375,494
DEFERRED OUTFLOWS:	
Deferred Outflows Related to Pensions	5,771,217
Deferred Outflows Related to OPEBs	166,718
TOTAL DEFERRED OUTFLOWS	5,937,935
LIABILITIES:	
Accounts Payable	2,179,437
Retainage Payable	361,761
Accrued Salaries and Benefits	1,703,626
Accrued Interest Payable	44,120
Deposits	40,135
Unearned Revenues	257,412
Present Value of Lease Obligations, Net	42,913
Long-term Liabilities:	
Compensated Absences	417,973
Portion Due or Payable within One Year	1,715,364
Portion Due or Payable After One Year	20,074,128
Net Pension Liability	21,347,361
Net OPEB Liability	726,669
TOTAL LIABILITIES	48,910,899
DEFERRED INFLOWS:	
Deferred Gain on Refunding	955,280
Deferred Inflows Related to Pensions	3,769,751
Deferred Inflows Related to OPEBs	302,624
TOTAL DEFERRED INFLOWS	5,027,655
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	25,099,197
Restricted for:	
Debt Service	2,998,547
Transportation	77,883
Food Service	69,338
Capital Outlay	85,670
Emergencies	491,000
Unrestricted	(16,446,760)
TOTAL NET POSITION	\$ 12,374,875

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

TELLURIDE SCHOOL DISTRICT R-1

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 11,301,838	\$ 452,594	\$ 1,593,098	\$ -
Supporting Services:				
General Support Services:				
- Students	1,501,316	-	376,691	-
- Instructional Staff	2,024,998	-	488,281	-
- General Administration	615,687	-	12,413	-
- School Administration	870,075	-	31,064	-
Business Support Services:				
- Business Services	377,095	-	100,987	-
- Operations and Maintenance	1,706,895	538,213	79,554	-
Transportation	341,073	-	44,587	-
Central Support Services	473,812	-	56,503	-
Food Services	425,520	117,140	156,793	-
Colorado Preschool Services	156,370	-	-	-
Community Support	394,296	-	229,301	-
Facilities Acq./Const.	1,386,515	-	-	736,851
Unallocated PERA Adjustment	63,351	-	-	-
Unallocated OPEB Adjustment	(90,484)	-	-	-
Interest on Long-term Debt	528,760	-	-	-
Other Costs of Long-term Debt	750	-	-	-
	<u>22,077,867</u>	<u>1,107,947</u>	<u>3,169,272</u>	<u>736,851</u>
Total Governmental Activities				
	<u>22,077,867</u>	<u>1,107,947</u>	<u>3,169,272</u>	<u>736,851</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 22,077,867</u>	<u>\$ 1,107,947</u>	<u>\$ 3,169,272</u>	<u>\$ 736,851</u>

GENERAL REVENUES:

Taxes:

Property Taxes, Levied For General Purposes

Property Taxes, Levied For Debt Service

Specific Ownership Taxes, for General Purposes

Grants and Entitlements Not Restricted to Specific Programs

Mineral and Forest Leasing Revenues

Unrestricted Interest and Investment Earnings

Accretion of Bond Premium

Solar Credits/Tax Credits

Total General Revenues

Change in Net Position

NET POSITION—BEGINNING OF YEAR

NET POSITION—END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

Governmental Activities	Business-type Activities	Total
\$ (9,256,146)	<i>(not applicable)</i>	\$ (9,256,146)
(1,124,625)		(1,124,625)
(1,536,717)		(1,536,717)
(603,274)		(603,274)
(839,011)		(839,011)
(276,108)		(276,108)
(1,089,128)		(1,089,128)
(296,486)		(296,486)
(417,309)		(417,309)
(151,587)		(151,587)
(156,370)		(156,370)
(164,995)		(164,995)
(649,664)		(649,664)
(63,351)		(63,351)
90,484		90,484
(528,760)		(528,760)
(750)		(750)
(17,063,797)		(17,063,797)
(17,063,797)		(17,063,797)
10,301,853		10,301,853
1,827,780		1,827,780
565,254		565,254
4,457,877		4,457,877
32,572		32,572
392,219		392,219
218,613		218,613
656,154		656,154
18,452,322		18,452,322
1,388,525		1,388,525
10,986,350		10,986,350
\$ 12,374,875		\$ 12,374,875

FUND FINANCIAL STATEMENTS

TELLURIDE SCHOOL DISTRICT R-1

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Transportation Fund</u>
ASSETS:				
Cash and Cash Equivalents	\$ 6,446,840	\$ 92,916	\$ 165,343	\$ 103,680
Restricted Cash and Cash Equivalents	-	-	-	-
Receivables:				
Property Taxes, Net	578,604	-	-	12,678
Cash w/ County Treasurer	114,311	-	-	2,443
Other Receivables	561,510	22,277	513	-
Prepaid Expense	25,465	-	-	-
Inventories	-	7,494	-	-
Internal Balances	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 7,851,730</u>	 <u>\$ 122,687</u>	 <u>\$ 165,856</u>	 <u>\$ 118,801</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 426,401	\$ 2,016	\$ 23,382	\$ 35,325
Accrued Salaries and Benefits	1,646,088	21,183	24,912	1,862
Deposits	13,747	-	-	-
Unearned Revenues	<u>124,054</u>	<u>22,656</u>	<u>110,702</u>	<u>-</u>
Total Liabilities	<u>2,210,290</u>	<u>45,855</u>	<u>158,996</u>	<u>37,187</u>
 Deferred Inflows of Resources:				
Unavailable Property Tax Revenue	<u>170,276</u>	<u>-</u>	<u>-</u>	<u>3,731</u>
Total Deferred Inflows of Resources	<u>170,276</u>	<u>-</u>	<u>-</u>	<u>3,731</u>
 Fund Balances:				
Non-spendable	25,465	7,494	-	-
Restricted				
Debt Service	-	-	-	-
Transportation	-	-	-	77,883
Food Service	-	69,338	-	-
Capital Outlay	-	-	-	-
Emergencies	491,000	-	-	-
Committed				
Pupil Activities	-	-	6,860	-
Affordable Housing	-	-	-	-
Theatre	-	-	-	-
School Finance Funding Reserves	1,148,931	-	-	-
Assigned				
Cash Flow Reserves	3,775,864	-	-	-
Unassigned	<u>29,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,471,164</u>	<u>76,832</u>	<u>6,860</u>	<u>77,883</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 7,851,730</u>	 <u>\$ 122,687</u>	 <u>\$ 165,856</u>	 <u>\$ 118,801</u>

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

Affordable Housing Fund	Palm Theatre Fund	Debt Service Fund	Building Fund	Capital Projects Fund	Total Governmental Funds
\$ 82,341	\$ 27,617	\$ -	\$ -	\$ 950,320	\$ 7,869,057
-	-	2,905,089	299	-	2,905,388
-	-	106,368	-	-	697,650
-	-	18,393	-	-	135,147
1,724	5,491	-	947,725	-	1,539,240
-	-	-	-	-	25,465
-	-	-	-	-	7,494
-	-	-	(125,000)	-	-
<u>\$ 84,065</u>	<u>\$ 33,108</u>	<u>\$ 3,029,850</u>	<u>\$ 823,024</u>	<u>\$ 950,320</u>	<u>\$ 13,179,441</u>
\$ 4,639	\$ -	\$ -	\$ 737,354	\$ 950,320	\$ 2,179,437
1,549	8,032	-	-	-	1,703,626
26,388	-	-	-	-	40,135
-	-	-	-	-	257,412
<u>32,576</u>	<u>8,032</u>	<u>-</u>	<u>737,354</u>	<u>950,320</u>	<u>4,180,610</u>
-	-	31,303	-	-	205,310
-	-	31,303	-	-	205,310
-	-	-	-	-	32,959
-	-	2,998,547	-	-	2,998,547
-	-	-	-	-	77,883
-	-	-	-	-	69,338
-	-	-	85,670	-	85,670
-	-	-	-	-	491,000
-	-	-	-	-	6,860
51,489	-	-	-	-	51,489
-	25,076	-	-	-	25,076
-	-	-	-	-	1,148,931
-	-	-	-	-	3,775,864
-	-	-	-	-	29,904
<u>51,489</u>	<u>25,076</u>	<u>2,998,547</u>	<u>85,670</u>	<u>-</u>	<u>8,793,521</u>
<u>\$ 84,065</u>	<u>\$ 33,108</u>	<u>\$ 3,029,850</u>	<u>\$ 823,024</u>	<u>\$ 950,320</u>	<u>\$ 13,179,441</u>

TELLURIDE SCHOOL DISTRICT R-1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2023

TOTAL GOVERNMENTAL FUND BALANCES		\$ 8,793,521
Amounts reported for governmental activities on the statement of net position are different because of the following:		
The net present value of facilities leases receivable is not a current financial resource and, therefore, is not reported in the governmental funds.		263,843
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	\$ 71,103,303	
Less Accumulated Depreciation	<u>(24,214,614)</u>	46,888,689
Right-of-use (ROU) Lease Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	\$ 114,899	
Less Accumulated Amortization	<u>(71,378)</u>	43,521
Property taxes receivable that are due later than 60 days after year-end are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds.		205,310
Deferred inflows of resources related to gain on refunding are not financial resources and, therefore, are not reported in the governmental funds.		(955,280)
Some liabilities, including long-term liabilities net of unamortized premiums thereon, are not currently due and payable, and, therefore, are not reported in governmental funds.		
Retainage Payable	\$ (361,761)	
Accrued Interest Payable	(44,120)	
Present Value of Lease Obligations, Net	(42,913)	
Compensated Absences	(417,973)	
Current Portion of Long-term Obligations	(1,715,364)	
Long-term Obligations Payable	(20,074,128)	
Net Pension Liability	(21,347,361)	
Net OPEB Liability	(726,669)	
Deferred Outflows of Resources	5,937,935	
Deferred Inflows of Resources	<u>(4,072,375)</u>	<u>(42,864,729)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 12,374,875</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Food Service Fund	Pupil Activity Fund	Transportation Fund
REVENUES:				
Local Sources	\$ 12,085,737	\$ 117,140	\$ 188,302	\$ 228,308
Intermediate Sources	4,747	-	-	-
State Sources	5,445,231	22,696	13,395	44,587
Federal Sources	974,801	134,097	-	-
Total Revenues	<u>18,510,516</u>	<u>273,933</u>	<u>201,697</u>	<u>272,895</u>
EXPENDITURES:				
Instruction	9,128,186	-	407,624	-
Supporting Services:				
Students	1,367,578	-	55,065	-
Instructional Staff	2,048,918	-	137,298	-
General Administration	613,447	-	-	2,240
School Administration	870,075	-	-	-
Business Services	374,595	-	-	-
Operations and Maintenance	2,287,622	-	-	-
Transportation	-	-	-	367,532
Central Services	469,398	-	-	-
Food Services	-	425,520	-	-
Colorado Preschool	156,370	-	-	-
Community Services	-	-	-	-
Facilities Acquisition/Construction	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>17,316,189</u>	<u>425,520</u>	<u>599,987</u>	<u>369,772</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,194,327</u>	<u>(151,587)</u>	<u>(398,290)</u>	<u>(96,877)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	50,000	250,000	-
Transfers (Out)	<u>(1,102,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,102,697)</u>	<u>50,000</u>	<u>250,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	91,630	(101,587)	(148,290)	(96,877)
FUND BALANCE – BEGINNING	<u>5,379,534</u>	<u>178,419</u>	<u>155,150</u>	<u>174,760</u>
FUND BALANCE – ENDING	<u>\$ 5,471,164</u>	<u>\$ 76,832</u>	<u>\$ 6,860</u>	<u>\$ 77,883</u>

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

Affordable Housing Fund	Palm Theatre Fund	Debt Service Fund	Building Fund	Capital Projects Fund	Total Governmental Funds
\$ 224,933	\$ 220,627	\$ 1,945,170	\$ 659,460	\$ 100,000	\$ 15,769,677
-	-	-	-	-	4,747
-	8,674	-	519,557	114,374	6,168,514
-	-	-	-	-	1,108,898
<u>224,933</u>	<u>229,301</u>	<u>1,945,170</u>	<u>1,179,017</u>	<u>214,374</u>	<u>23,051,836</u>
-	-	-	-	-	9,535,810
-	-	-	-	-	1,422,643
-	-	-	-	-	2,186,216
-	-	-	-	-	615,687
-	-	-	-	-	870,075
2,500	-	-	-	-	377,095
93,343	-	-	-	-	2,380,965
-	-	-	-	-	367,532
4,322	-	-	-	-	473,720
-	-	-	-	-	425,520
-	-	-	-	-	156,370
-	229,301	-	-	-	229,301
591,108	-	-	3,428,011	2,513,016	6,532,135
105,000	-	1,345,000	-	-	1,450,000
83,575	-	465,499	-	-	549,074
-	-	750	-	-	750
<u>879,848</u>	<u>229,301</u>	<u>1,811,249</u>	<u>3,428,011</u>	<u>2,513,016</u>	<u>27,572,893</u>
<u>(654,915)</u>	<u>-</u>	<u>133,921</u>	<u>(2,248,994)</u>	<u>(2,298,642)</u>	<u>(4,521,057)</u>
-	-	-	1,420,000	102,697	1,822,697
-	-	-	-	(720,000)	(1,822,697)
-	-	-	1,420,000	(617,303)	-
(654,915)	-	133,921	(828,994)	(2,915,945)	(4,521,057)
<u>706,404</u>	<u>25,076</u>	<u>2,864,626</u>	<u>914,664</u>	<u>2,915,945</u>	<u>13,314,578</u>
<u>\$ 51,489</u>	<u>\$ 25,076</u>	<u>\$ 2,998,547</u>	<u>\$ 85,670</u>	<u>\$ -</u>	<u>\$ 8,793,521</u>

TELLURIDE SCHOOL DISTRICT R-1
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (4,521,057)

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

In Governmental Funds, revenues for property taxes are measured by the amount of current financial resources provided, including amounts due within 60 days after the end of the year; whereas, in the Statement of Activities, property taxes are measured as the revenue is earned. This is the amount by which current property taxes to be received after 60 days from the end of the year increased from the previous fiscal year: 37,170

The change in net present value of leases receivable is not reported on the governmental fund statements while on the government-wide statement of net position the changes are recognized as an adjustment to rental revenues. 158,773

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Current Period Capitalized Outlay	\$ 6,014,657	
Current Period Depreciation	<u>(1,972,998)</u>	4,041,659

Proceeds from the issuance of long-term debt and related premium provides current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Current Period Debt Proceeds	\$ -	
Current Period Debt Repayment	<u>1,450,000</u>	1,450,000

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Activities, the premium is allocated over the term of the long-term debt as accretion of premium. This is the amount of accretion of premiums recognized on the current year statement of activities. 218,613

Amortization of Gain on Advance Refunding of Debt: 17,042

Some expenses reported in the Statement of Activities do not require current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Present Value ROU Lease Assets/Liabilities	\$ (423)	
Change in Accrued Interest	3,272	
Change in Compensated Absences	(43,657)	
Change in Net Pension Liability	(4,730,471)	
Change in Net OPEB Liability	77,261	
Change in Deferred Outflows	140,596	
Change in Deferred Inflows	<u>4,539,747</u>	<u>(13,675)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,388,525

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Telluride School District R-1 are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). In addition, the District conforms to the Colorado Department of Education Financial Policies and Procedures Handbook in all material respect, as required by Colorado statutes. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial Reporting Entity

The Telluride School District R-1 a public school district organized under the laws of the State of Colorado and is governed by an elected five member Board of Education. Board of Education members are elected by the citizens of San Miguel County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District meets the criteria of a primary government; its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent with the authority to: a) determine its budget without another government's authority to approve or modify; b) levy taxes or charges without another government's approval; and, c) issue bonded debt without approval by another government

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on these criteria, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity. The District is not a component unit of any other governmental reporting entity. The District's financial statements include the accounts of all District operations.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture: Uncompahgre Valley Board of Cooperative Educational Services

The District is one of five school districts participating in the Uncompahgre Valley Board of Cooperative Educational Services (UnBOCES). The UnBOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” and is governed by a board consisting of representatives from each participating district.

The governing board of the UnBOCES has final authority over all funds of UnBOCES and fiscal responsibility over budgetary and reporting. As such, this joint venture does not meet the criteria for inclusion within the reporting entity. Additional information regarding the District’s participation in the joint venture is provided in *Note 9*.

C. Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the District.

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column with enterprise and fiduciary funds, when applicable, reported by type.

The District currently considers all Funds as major Funds in segregating and reporting its overall activity.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds are grouped, in the financial statements, as follows:

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund assets and liabilities is reported on the balance sheet as fund balance.

General Fund – The *General Fund* is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments and expendable trusts that are legally restricted to expend funds for specified purposes. The individual special revenue fund revenues/resources are as follows: 1) the *Food Service Fund* amounts are grants and other revenues for general food services; 2) the *Pupil Activity Fund* amounts are from fees for athletics and other student programs and activities to be used for these programs; 3) the *Transportation Fund* amounts are from designated property taxes and other local revenues; 4) the *Affordable Housing Fund* amounts are from rental revenues; and 5) the *Palm Theatre Fund* amounts are from contributions.

Debt Service Funds – The District's *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term bond obligation principal, interest and related costs.

Building Fund – The District's *Building Fund* is used to account for the District's General Obligation Improvement Bonds Series 2021B that have been issued to finance the costs of improving, repairing and making additions to school buildings, equipping or furnishing school buildings, improving school grounds, or acquiring, constructing or improving capital assets for District purposes.

Capital Improvements Funds – The District's *Capital Projects Fund* is used to account for the District's general capital needs.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. 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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and governmental fund statements.

Like the government-wide financial statements, enterprise funds, when applicable, are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operations are included in the statement of net position. For enterprise funds a statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) therein, while a statement of cash flows reflects how the fund finances and meets the cash flow needs. The District currently has no enterprise funds.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting – (continued)

BASIS OF ACCOUNTING

While the measurement focus identifies *which* transactions and events should be recorded on the financial statements, the basis of accounting determines *when* transactions and economic events are reflected in financial statements.

Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The District considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. Grants, entitlements, and interest are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

Government-wide financial statements are prepared using the accrual basis of accounting.

Governmental funds and custodial funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus).

Proprietary fund types, when applicable, use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. The District currently has no proprietary (enterprise) funds.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgets and Budgetary Accounting

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

- Budgets are required by Colorado School District Budget Law for all funds of the District. The District legally adopted annual budgets for all of the District's funds.
- Prior to June 30, the budgets are adopted and appropriations made by formal resolution for the ensuing fiscal year commencing July 1. A public hearing on the proposed budget is held by the Board prior to adoption of the budget.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds.
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- Appropriations lapse at the end of each year, and the District's Board may adopt supplemental appropriations during the year. Original and final budgets are reflected in the budgetary comparison schedules included as required and other supplemental information.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation is utilized by the District for management purposes and internal budgetary control during the year, but is not used for financial reporting purposes. Encumbrances outstanding at year end are closed out and the fund balance is not reserved for any encumbrances outstanding. All appropriations lapse at year-end whether or not encumbered.

G. Assets, Liabilities and Fund Equity

1) Cash and Investments

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. District policy limits investments to Public Funds Deposits in local banks and daily cash accumulation fund with ColoTrust and CSafe. (See also Note 2.)

2) Receivables

General receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Leases receivable (subject to GASB Statement No. 87) are reported on the government-wide statement of net assets at net present value.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity – (continued)

3) Internal Balances

Internal balances arise from outstanding amounts due to/from the District’s various funds during the course of normal operations. Internal balances within governmental activities are eliminated on the government-wide Statement of Net Position.

4) Inventory

Inventory of the District’s Food Service Fund is valued as follows: Purchased food and non-food items are valued at cost, and U.S.D.A. donated commodity items are valued at U.S.D.A. unit pricing, substantially on a first in-first out basis. Freight and delivery charges are not included in inventory valuations.

5) Property Taxes Receivable/Property Tax Revenues

Property taxes are levied and collected on behalf of the District by San Miguel County and are reported as revenue when received by the county treasurer. Taxes receivable represent the 2022 assessed taxes yet to be collected in 2023. Amounts collectible subsequent to August 2023 have been accrued on the government-wide Statement of Net Position. The District considers all amounts to be materially collectible; therefore, an allowance for estimated uncollectible taxes is not considered necessary. Property taxes levied for 2022 and collected (including amounts receivable within 60 days of year-end) are recognized as revenue as follows:

Assessed Valuation	Mill Levy	Amount of Taxes		
		Levied	Recognized	Percent Collected
<i>General Fund:</i>				
\$914,809,044	10.999	\$ 10,061,985	\$ 9,891,709	98.3%
<i>Debt Service Fund:</i>				
\$914,809,044	2.022	\$ 1,849,744	\$ 1,818,441	98.3%
<i>Transportation Fund:</i>				
\$914,809,044	0.241	\$ 220,469	\$ 216,738	98.3%

Property taxes are assessed on a calendar year basis and attach as an enforceable lien on property as of January 1. They may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and accrued interest thereon become delinquent on June 16th.

6) Capital Assets

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of \$5,000 (set by the Board) are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of Equipment is on the straight-line basis with the mid-year convention, and Depreciation of Buildings and Improvements is on the straight-line method beginning in the year after they are placed in service, provided over the following estimated useful lives:

Buildings	40 years
Improvements	10-15 years
Solar Array	25 years
Vehicles and Other Equipment	3-10 years

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

7) Accrued Salaries and Benefits

The accrued salaries and benefits in the governmental funds represent the difference between wages earned and paid resulting from contracts being paid over a 12-month period, which are earned over a 9-month school year.

8) Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Administrative, professional services and support-staff employees that are given vacation time are 12-month employees. The amount of vacation and other compensation and benefit terms are spelled out in their individual contracts. Any vacation payout would be subject to the terms of their individual contract.

In the government-wide financial statements, a long-term liability is accrued for vacation and sick pay as earned. At the governmental fund level, a liability is accrued only if matured, for example, as a result of employee resignations or retirements.

9) Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported as liabilities in the government-wide Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Proprietary (enterprise funds), when applicable, use this same method of reporting. Governmental funds report liabilities that, once incurred, are paid in a timely manner and in full from current financial resources as obligations of the funds and bonds are recognized as a liability when due. The face amount of debt issued and premiums are reported as other financing sources and discounts as other financing uses. At both the government-wide and fund level, debt issuance costs, whether or not withheld from the actual debt proceeds received, are expensed as incurred.

10) 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.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

10) Net Position and Fund Balances - continued

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

Non-spendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Education). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. 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.

At June 30, 2023, restricted fund balances were for debt service, transportation services, food service programs, building fund capital outlay, and \$491,000 for Tabor Emergency reserves. Committed and Assigned amounts include accumulated reserves for pupil activities, affordable housing, and the Palm Theatre, as well as reserves set aside in anticipation of potential property tax and state funding shortfalls, cash flow reserves and for capital projects fund capital outlay.

The District recognizes that good fiscal management comprises the foundational support of the entire District. To make that support as effective as possible, the Board's intent is to maintain a minimum total fund balance of 25% of the District's General Fund annual operating expenditures. If a fund balance drops below 25% the intent is that it shall be recovered at a rate of 1% minimally, each year.

H. Unearned Revenues

Unearned Revenues consist of revenue received before all eligibility requirements or allocable expenditures have been met or incurred.

I. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods, and deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Defined Benefit Pension Plan

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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.

Special Funding Situation:

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Some, if not all, of these changes were in effect as of June 30, 2023.

K. Defined Benefit Other Post Employment Benefit (OPEB) Plan

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple employer defined benefit OPEB plan 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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

L. On-Behalf Payments

GAAP requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to \$252 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the District by the State of Colorado have been recorded in the fund financial statements.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Inter-fund Transactions

When applicable, transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as other financing sources/uses in governmental funds and non-operating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board of Education recognizes the importance of prudent and profitable investment of District monies and its responsibility in overseeing the District's financial program. The District does not have a formally adopted deposit or investment policy in place to specifically address credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk; however, it is the policy of the District to invest public funds in a manner which will ensure the safety of funds, ensure that adequate funds are available at all times to meet the financial obligations of the District when due, ensure a market rate of return on the funds available for investment throughout the budget cycle, and ensure that all funds are deposited and invested in accordance with all federal, state and local statutes governing the investment of public funds. The District limits investments to Public Funds Deposits in local banks and daily cash accumulation fund with local government investment pools. This policy applies to the investment of all financial assets of the District over which it exercises financial control. A summary of the District's deposits and investments follows:

	<u>Fair Value</u>
Checking/Savings	\$ 585,100
Colo Local Govt Liquid Asset Trust (COLOTRUST)	8,943,293
Colo Surplus Asset Fund Trust (CSAFE)	9,038
Cash with Fiscal Agent	2,905,273
Less Outstanding Items	(1,668,259)
Total Cash and Investments	\$ 10,774,445

Restricted cash and investments reflect amounts on deposit with the District's bond fiscal agent for future debt service.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

The District's bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$585,100 of which \$250,000 was covered by FDIC insurance and \$335,100 by PDPA as described above.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Local Government Investment Pool (COLOTRUST and CSAFE)

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. 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. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAAM by Standard & Poor's, Fitch's and Moody's rating services. The custodian's internal records segregate investments owned by the Trust. As of June 30, 2023, the District had \$0 invested in COLOTRUST PRIME, and \$8,943,293 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

At June 30, 2023, the District had \$9,038 on deposit in the Colorado Surplus Asset Fund Trust (CSAFE) which reflects the value of the investment at amortized cost. There are no limitations on withdrawals from the District's CSAFE investments.

Maturities of the District's investments are as follows:

	<u>Rating</u>	<u>Fair Value</u>	<u>Maturities</u>
COLOTRUST	AAAm	\$ 8,943,293	< 1 year
CSAFE	AAAm	\$ 9,038	< 1 year

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has investments in Colostrust with ratings as provided above.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The District's policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Risk Disclosures – continued

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Maturities are structured to accommodate readily identifiable cash flows as approved by the Board.

The District was not subject to foreign currency risk.

Additional disclosures for deposits and investments are included in *Note 1*.

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The District has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates that fair values of its financial instruments at year end does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 4 - CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS

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

<u>GOVERNMENTAL ACTIVITIES</u>	Balances June 30, 2022	Additions	Reclassif./ Dispositions	Balances June 30, 2023
Land	\$ 1,276,648	\$ -	\$ -	\$ 1,276,648
Construction-in-Progress	1,391,668	5,258,917	(225,361)	6,425,224
Depreciable Capital Assets:				
Buildings and Improvements	57,965,055	848,621	63,991	58,877,667
Solar Array	1,412,128	-	-	1,412,128
Transportation Equipment	1,102,309	-	138,725	1,241,034
Other Equipment	1,637,305	210,652	22,645	1,870,602
Less Accumulated Depreciation	<u>(22,241,616)</u>	<u>(1,972,998)</u>	<u>-</u>	<u>(24,214,614)</u>
GOVERNMENTAL ACTIVITIES				
TOTAL CAPITAL ASSETS, NET	<u>\$ 42,543,497</u>	<u>\$ 4,345,192</u>	<u>\$ -</u>	<u>\$ 46,888,689</u>

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 1,729,335
Supporting Services	78,668
Community Services	<u>164,995</u>
Total for Governmental Activities	<u>\$ 1,972,998</u>

Right to use lease asset activity for the fiscal year ended June 30, 2023, was as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	Balances June 30, 2022	Additions	Reclassif./ Dispositions	Balances June 30, 2023
Right-to-use Lease Assets	\$ 89,999	\$ 24,900	\$ -	\$ 114,899
Less Accumulated Amortization	<u>(52,716)</u>	<u>(18,662)</u>	<u>-</u>	<u>(71,378)</u>
GOVERNMENTAL ACTIVITIES				
ROU LEASE ASSETS, NET	<u>\$ 37,283</u>	<u>\$ 6,238</u>	<u>\$ -</u>	<u>\$ 43,521</u>

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - LONG-TERM OBLIGATIONS

Long-term obligation activity for the fiscal year ended June 30, 2023, was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Certificates of Participation – Series 2017	\$ 2,240,000	\$ -	\$ (105,000)	\$ 2,135,000	\$ 110,000
Series 2017 Premium	230,495	-	(10,805)	219,690	10,805
General Obligation Bonds Series 2015	2,955,000	-	(950,000)	2,005,000	980,000
Series 2015 Premium	576,981	-	(185,493)	391,488	191,351
General Obligation Refunding Bonds Series 2021A	15,405,000	-	(270,000)	15,135,000	270,000
General Obligation Improvement Bonds Series 2021B	1,740,000	-	(125,000)	1,615,000	130,000
Series 2021B Premium	310,630	-	(22,316)	288,314	23,208
Compensated Absences	374,316	43,657	-	417,973	-
GOVERNMENTAL TOTAL					
LONG-TERM DEBT, NET	<u>\$ 23,832,422</u>	<u>\$ 43,657</u>	<u>\$ (1,668,614)</u>	<u>\$ 22,207,465</u>	<u>\$ 1,715,364</u>

Certificates of Participation - Series 2017

Certificates of Participation in the face amount of \$2,540,000 were issued August 1, 2017 for the purpose of financing the construction of affordable housing units for the District. The Certificates evidence proportionate interests in the base rentals and other revenues under a Lease Purchase Agreement between UMB Bank N.A. solely in its capacity as trustee lessor and the District as lessee. Interest rates range from 3.0% to 4.0% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2037, and secured by the constructed housing units. The certificates of participation are paid from the Affordable Housing Fund. The District has appropriated amounts to meet the lease payments for the principal and interest due.

The annual requirements to amortize the general obligation bonds are as follows:

Fiscal year ending December 1	Principal	Interest	Total
2024	\$ 110,000	\$ 80,350	\$ 190,350
2025	115,000	76,975	191,975
2026	115,000	73,525	188,525
2027	120,000	69,400	189,400
2028	125,000	64,500	189,500
2029-2033	700,000	242,000	942,000
2034-2038	850,000	87,800	937,800
TOTAL	<u>\$ 2,135,000</u>	<u>\$ 694,550</u>	<u>\$ 2,829,550</u>

The premium on the 2017 Series Certificates of Participation is being amortized over the term of the debt using the effective interest method.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - LONG-TERM OBLIGATIONS - continued

General Obligation Bonds - Series 2015

General Obligation Bonds in the face amount of \$22,260,000 were issued January 15, 2015 for the purpose of financing the construction, renovation and other capital improvements approved by the District voters and to pay the cost of issuance. Interest rates range from 2.0% to 5.0% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2034, and secured by the District’s covenant to certify a levy sufficient to meet principal and interest payments with respect to the bonds. The District’s Series 2015 general obligation bonds are paid from the Debt Service Fund.

A portion of the Series 2015 Bonds in the amount of \$13,565,000 were advance refunded with the issuance of District’s Series 2021A General Obligation Refunding Bonds (see below). The District used the net proceeds to purchase U.S. government securities deposited in an irrevocable trust with U.S. Bank to provide for all future debt service on the refunded portion of the Series 2015 Bonds. As a result, that portion of the Series 2015 bonds is considered defeased and the District has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 13 years by approximately \$4.36 million (the difference between the cash flows required to service the old debt and the new debt). This is an economic gain resulting from the refunding transaction, calculated on a present value basis discounted at the effective interest rate, of \$972,322. The deferred gain is being amortized over the over the remaining term of the refunded debt.

The annual requirements to amortize the remaining portion of the General Obligation Bonds Series 2015 are as follows:

Fiscal year ending			
<u>December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 980,000	\$ 75,750	\$ 1,055,750
2025	<u>1,025,000</u>	<u>25,625</u>	<u>1,050,625</u>
TOTAL	<u>\$ 2,005,000</u>	<u>\$ 101,375</u>	<u>\$ 2,106,375</u>

The remaining outstanding premium on the Series 2015 Bonds is being amortized over the term of the Bonds using the effective interest method.

General Obligation Refunding Bonds - Series 2021A

General Obligation Refunding Bonds Series 2021A in the face amount of \$15,405,000 were issued December 2, 2021, for the purpose of advance refunding a portion of the District’s General Obligation Bonds Series 2015 (as discussed above) and paying the costs of issuing the Series 2021A Bonds. Interest rates range from 0.504% to 2.404% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2034, and secured by the District’s covenant to certify a levy sufficient to meet principal and interest payments with respect to the bonds. The District’s Series 2021A general obligation bonds are paid from the Debt Service Fund.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - LONG-TERM OBLIGATIONS - continued

General Obligation Refunding Bonds - Series 2021A - continued

The annual requirements to amortize the General Obligation Refunding Bonds Series 2021A are as follows:

Fiscal year ending <u>December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 270,000	\$ 279,028	\$ 549,028
2025	270,000	276,865	546,865
2026	1,355,000	267,124	1,622,124
2027	1,365,000	249,250	1,614,250
2028	1,390,000	228,393	1,618,393
2029 2033	7,330,000	744,404	8,074,404
2034-2035	<u>3,155,000</u>	<u>75,097</u>	<u>3,230,097</u>
TOTAL	<u>\$ 15,135,000</u>	<u>\$ 2,120,161</u>	<u>\$ 17,255,161</u>

General Obligation Improvements Bonds - Series 2021B

General Obligation Improvement Bonds in the face amount of \$1,740,000 were issued December 2, 2021 from authorized debt remaining from the January 29, 2015 election, for the purpose of financing the costs of improving, repairing and making additions to school buildings, equipping or furnishing school buildings, improving school grounds, or acquiring, constructing or improving any capital asset for District purposes, and paying the costs of issuing the Series 2021B Bonds. Interest rates range from 4.0% to 5.0% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2032, and secured by the District's covenant to certify a levy sufficient to meet principal and interest payments with respect to the bonds. The District's Series 2021B general obligation bonds are paid from the Debt Service Fund.

The annual requirements to amortize the General Obligation Refunding Bonds Series 2021B are as follows:

Fiscal year ending <u>December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 130,000	\$ 64,100	\$ 194,100
2025	145,000	57,950	202,950
2026	145,000	51,425	196,425
2027	155,000	44,700	199,700
2028	155,000	38,500	193,500
2029 2033	<u>885,000</u>	<u>91,500</u>	<u>976,500</u>
TOTAL	<u>\$ 1,615,000</u>	<u>\$ 348,175</u>	<u>\$ 1,963,175</u>

The premium on the Series 2021B Bonds is being amortized over the term of the Bonds using the effective interest method.

Compensated Absences

The District's compensated absences are liquidated by the governmental funds in relation to the applicable employee salary accrued in each fund.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 - OTHER LEASE COMMITMENTS

The District has implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, for government-wide Statement of Net Assets recognition of leases and note disclosure of certain information about lease arrangements.

The District is the lessee of office equipment under operating leases. The District determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized as lease commitments and leases with contractual terms longer than twelve months as either operating or finance. The District’s equipment leases generally have terms from one to five years.

Right-to-use assets and lease obligations for operating leases are included in “ROU Lease Assets” and “Present Value of Lease Liability”, respectively, in the Statement of Net Assets. Leased assets represent the District’s right to use an underlying asset for the lease term and lease liabilities represent the District’s obligation to make lease payments arising from the lease, which are subject to annual appropriation.

Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments.

Following are the required future minimum base rental payments under the District’s leases.

Fiscal Year Ending <u>June 30</u>		
2024	\$	19,723
2025		10,812
2026		9,950
2027		3,404
2028		2,526
Thereafter		-

NOTE 7 - CONTINGENCIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023 the District was not aware of any unaccrued amounts to be refunded to the Colorado Department of Education. The District believes that any potential disallowed expenditures, if any, will not have a material effect on any of the individual funds or the overall financial position of the District.

NOTE 8 - INVENTORIES

Food Service inventory of \$7,494 remained as of June 30, 2023, consisting of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Department of Agriculture, are recorded at their estimated fair market value when received.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

The District is a member of the Uncompahgre Board of Cooperative Educational Services (UnBOCES), a jointly governed organization of five regional school districts. The UnBOCES is a regional educational service unit designed to provide Special Education services and supporting instructional, administrative, staff and other services determined by participating member districts. The UnBOCES does not meet the criteria for inclusion within the reporting entity of the District. Financial statements for the UnBOCES can be obtained directly from UnBOCES by contacting their administrative offices at 1115 W. Clinton, Ridgway, CO 81432; (970) 626-2977.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (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 (CAFR) 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 percent 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 annualized into a monthly benefit based on life expectancy and other actuarial factors.

It is possible for employees participating in the SCHDTF to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer; therefore the DPS Benefit Structure is shown below, where the lifetime retirement benefit for all eligible retiring employees under the DPS Benefit Structure is the greater of the:

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime 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 five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain requirements, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), 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 lessor of an annual increase of 1.00% AI 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 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 the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*, and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Heath 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 % of salary as defined in C.R.S. § 24-51-101(42)

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN - continued

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,920,388 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a non-employer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029 instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars) upon enactment. The July 1, 2023 payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024 payment will not be reduced due to PERA’s negative investment return in 2022. Senate Bill (SB) 23-056 enacted June 2, 2023 requires an additional direct distribution of approximately \$14.5 million (actual dollars) for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

NOTE 11 - 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 total pension liability to December 31, 2022. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a non-employer contributing entity.

At June 30, 2023, the District reported a liability of \$21,347,361 for its proportionate share of the net pension liability that reflected an increase for support from the State as a non-employer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with the District follows:

The District’s proportionate share of the net pension liability	\$ 21,347,361
The State’s proportionate share of the net pension liability as a non-employer contributing entity associated with the District	\$ 530,477
Total	\$ 21,877,838

At December 31, 2022, the District’s proportion was 0.1172322237% which was a decrease of 0.0255568774% from its proportion measured as of December 31, 2021.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 - 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 District recognized pension expense of \$1,973,123 and revenue of \$530,477 for support from the State as a non-employer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ 202,030	\$ -
Changes of assumptions or other inputs	378,131	-
Net difference between projected and actual earnings on pension plan investments	2,867,737	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,344,316	3,769,751
Contributions subsequent to the measurement date	979,003	-
Total	\$ 5,771,217	\$ 3,769,751

The amount of \$979,003 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2024	\$ 1,160,517	\$ 1,982,068
2025	140,744	1,395,743
2026	43,055	391,940
2027	-	-
2028	-	-
Thereafter	-	-

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

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 *	Financed by the AIR
* Post-retirement 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.	

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

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

Post retirement 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 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.

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

The actuarial assumption 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 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 five years for PERA. The most recent analysis 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 adding expected inflation.

The PERA Board first adopted the 7.25 percent 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.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - continued

As of the most recent affirmation of the long-term expected 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 following table.

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 member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the 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 non-employer 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 on 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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF’s fiduciary net position 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 27,936,353	\$ 21,347,361	\$ 15,844,879

Pension Plan Fiduciary Net Position. Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN: Voluntary Investment Program

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

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District currently has no matching contributions for covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2023 program members contributed \$215,579 to PERA 401(k) plan and \$51,908 to the PERA 457 plan.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan Description. Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including administration of the premium subsidies. 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 (Annual Report) 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 on 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 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 is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN - continued

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.

Denver Public Schools (DPS) PERA Benefit Structure. *It is possible for employees to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer. Under the 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, § 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$96,114 for the year ended June 30, 2023.

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2023, the District reported a liability of \$726,669 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District's proportion was 0.0890003751%, which was a decrease of 0.0042299613% from its proportion measured at December 31, 2021.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - continued

For the year ended June 30, 2023, the District recognized OPEB expense of \$4,993. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 94	\$ 175,732
Changes of assumptions or other inputs	11,680	80,202
Net difference between projected and actual earnings on OPEB plan investments	44,383	-
Changes in proportion and differences between contrib recognized and proportionate share of contributions	61,563	46,690
Contributions subsequent to the measurement date	48,998	-
Total	\$ 166,718	\$ 302,624

The amount of \$48,998 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:

<u>Year Ended June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2024	\$ 21,137	\$ 10,675
2025	17,595	10,354
2026	17,447	8,072
2027	4,709	7,877
2028	675	7,835
Thereafter	-	1,877

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

<i>School Division - calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.</i>	
Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, including wage inflation	3.40% - 11.00%
Long-term investment Rate of Return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Health care cost trend rates / PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022 gradually decreasing to 4.5% in 2030
Medicare Part A premiums	3.75% in 2022 gradually increasing to 4.50% in 2029
<i>DPS Benefit Structure:</i>	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A Premiums	N/A

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - continued

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 the Tri-County Health Department (TriCounty Health) effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with TriCounty Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022 measurement date.

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

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and Older	0.0%	0.0%

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - continued

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

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

The PERA benefit structure health care cost trend rates 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 are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

Males: 112% 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.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - continued

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

The following health care cost 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 PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium free Medicare Part A benefit were updated to reflect the change in cost for 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 of Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of retirement decrement was adjusted to middle-of-year with 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 was based on the results of the 2020 experience analyses for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. 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.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - continued

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimate 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 District's Proportionate Share of the net OPEB Liability to Changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or higher than the current rates:

<i>Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates</i>	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 706,101	\$ 726,669	\$ 749,049

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.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - continued

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

<i>Sensitivity of the Net OPEB Liability To Changes in the Discount Rate</i>	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 842,425	\$ 726,669	\$ 627,661

OPEB Plan Fiduciary Net Position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 15 - RISK MANAGEMENT

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

The District pays an annual premium for its commercial, property, casualty and liability insurance coverage, including property, automobile and general liability policies, errors and omissions and employment practices liability policies, referred to as school entity liability. The District carries commercial insurance for other risks of loss, including workers compensation and employee health insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In the ordinary course of operations, the District can be involved in various litigation. In the opinion of management, any liability from claims or proceedings in excess of the amount covered by insurance would not have a material adverse effect on the District's net position, changes in position or cash flows.

NOTE 16 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *General Compliance Requirements*

The District appears to be in compliance with material legal, contractual and accounting provisions, as prescribed by Federal and State laws and statutes.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

B. TABOR Amendment – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments. The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. TABOR requires that revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR also requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

In November 1996 the District's electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding any of TABOR'S revenue limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The total emergency reserve was \$491,000 as of June 30, 2023.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

NOTE 17 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The District has implemented the provisions of Governmental Accounting Standards Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)* for reporting for intangible assets associated with subscription IT services. Payments on short-term (current) technology subscriptions have been recognized in prepaid expense. The District has identified no material SBITAs requiring recognition for the year ended June 30, 2023.

NOTE 18 - SUBSEQUENT EVENTS

Management of the District has evaluated events subsequent to June 30, 2023 through the issuance date of this report. It is the intent of the District to issue General Obligation Bonds, Series 2024, in the amount of \$31,800,000 in February 2024. There have been no additional material events noted during this period that would either impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUES FUNDS

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 9,989,923	\$ 10,062,194	\$ 10,041,655	\$ (20,539)
Specific Ownership Taxes	320,994	410,000	504,259	94,259
Local Grants	636,934	660,394	729,886	69,492
Other Local Revenues	410,300	378,800	483,260	104,460
Intergovernmental:				
Intermediate Sources	23,700	1,700	4,747	3,047
State Sources	5,348,677	5,515,541	5,445,231	(70,310)
Federal Sources	600,926	951,569	974,801	23,232
Interest Earnings	20,000	219,000	326,677	107,677
Total Revenues	<u>17,351,454</u>	<u>18,199,198</u>	<u>18,510,516</u>	<u>311,318</u>
EXPENDITURES:				
Instruction	9,361,924	9,532,609	9,128,186	404,423
Supporting Services:				
Students	1,274,432	1,343,957	1,367,578	(23,621)
Instructional Staff	1,999,847	2,224,467	2,048,918	175,549
General Administration	525,517	581,629	613,447	(31,818)
School Administration	852,521	865,582	870,075	(4,493)
Business Services	367,188	394,257	374,595	19,662
Operations and Maintenance	1,985,687	2,008,673	2,287,622	(278,949)
Central Services	421,655	453,826	469,398	(15,572)
Colorado Preschool	176,236	176,236	156,370	19,866
Total Expenditures	<u>16,965,007</u>	<u>17,581,236</u>	<u>17,316,189</u>	<u>265,047</u>
Excess of Revenues Over (Under) Expenditures	<u>386,447</u>	<u>617,962</u>	<u>1,194,327</u>	<u>576,365</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(870,000)</u>	<u>(870,000)</u>	<u>(1,102,697)</u>	<u>(232,697)</u>
Total Other Financing Sources (Uses)	<u>(870,000)</u>	<u>(870,000)</u>	<u>(1,102,697)</u>	<u>(232,697)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(483,553)	(252,038)	91,630	343,668
FUND BALANCE-BEGINNING	<u>4,639,932</u>	<u>5,379,534</u>	<u>5,379,534</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ 4,156,379</u>	<u>\$ 5,127,496</u>	<u>\$ 5,471,164</u>	<u>\$ 343,668</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2023

FOOD SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources	\$ 121,000	\$ 120,000	\$ 117,140	\$ (2,860)
State Sources	6,000	7,000	22,696	15,696
Federal Sources	90,000	90,000	134,097	44,097
Total Revenues	217,000	217,000	273,933	56,933
EXPENDITURES:				
Food Services:				
Salaries	168,730	168,730	174,192	(5,462)
Employee Benefits	69,484	69,484	63,623	5,861
Purchased Services	43,900	43,900	36,600	7,300
Supplies and Materials:				
Purchased Food/Supplies	155,500	155,500	145,361	10,139
Donated Commodities	20,000	20,000	5,744	14,256
Total Expenditures	457,614	457,614	425,520	32,094
Excess of Revenues Over (Under) Expenditures	(240,614)	(240,614)	(151,587)	89,027
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	220,000	120,000	50,000	(70,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(20,614)	(120,614)	(101,587)	19,027
FUND BALANCE – BEGINNING	34,032	178,419	178,419	-
FUND BALANCE – ENDING	\$ 13,418	\$ 57,805	\$ 76,832	\$ 19,027

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – PUPIL ACTIVITY FUND
For the Fiscal Year Ended June 30, 2023

	PUPIL ACTIVITY FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources – Fees	\$ 158,700	\$ 193,700	\$ 188,302	\$ (5,398)
State Sources	3,500	3,500	13,395	9,895
Total Revenues	<u>162,200</u>	<u>197,200</u>	<u>201,697</u>	<u>4,497</u>
EXPENDITURES:				
Instruction - Pupil Activities:				
Salaries	220,308	102,381	102,215	156
Benefits	68,425	27,181	29,509	(2,328)
Purchased Services	89,850	178,650	111,952	66,698
Supplies	125,350	125,350	160,385	(35,035)
Capital Outlay	10,000	10,000	3,313	6,687
Other	55,000	-	250	(250)
Student Support - Pupil Activities:				
Salaries	-	27,263	37,055	(9,792)
Benefits	-	14,659	18,010	(3,351)
Instructional Staff - Pupil Activities:				
Salaries	-	90,664	100,867	(10,203)
Benefits	-	26,586	34,926	(8,340)
Purchased Services	-	1,200	1,505	(305)
Total Expenditures	<u>568,933</u>	<u>603,934</u>	<u>599,987</u>	<u>3,947</u>
Excess of Revenues Over (Under) Expenditures	(406,733)	(406,734)	(398,290)	8,444
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>300,000</u>	<u>300,000</u>	<u>250,000</u>	<u>(50,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(106,733)	(106,734)	(148,290)	(41,556)
FUND BALANCE – BEGINNING	<u>115,960</u>	<u>155,150</u>	<u>155,150</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 9,227</u>	<u>\$ 48,416</u>	<u>\$ 6,860</u>	<u>\$ (41,556)</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2023

	TRANSPORTATION FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 300,000	\$ 220,000	\$ 218,103	\$ (1,897)
Specific Ownership Taxes	11,000	11,000	10,205	(795)
Intergovernmental:				
State Sources	32,500	32,500	44,587	12,087
Total Revenues	343,500	263,500	272,895	9,395
EXPENDITURES:				
General Administration:				
Purchased Services (Treas Fees)	-	3,100	2,240	860
Transportation:				
Salaries	145,658	145,658	109,104	36,554
Benefits	55,541	55,541	44,511	11,030
Purchased Services	101,950	98,850	140,334	(41,484)
Supplies	78,600	78,600	59,221	19,379
Capital Outlay	-	-	14,362	(14,362)
Total Expenditures	381,749	381,749	369,772	11,977
Excess of Revenues Over (Under) Expenditures	(38,249)	(118,249)	(96,877)	21,372
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(38,249)	(118,249)	(96,877)	21,372
FUND BALANCE – BEGINNING	78,174	174,760	174,760	-
FUND BALANCE – ENDING	\$ 39,925	\$ 56,511	\$ 77,883	\$ 21,372

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – AFFORDABLE HOUSING FUND
For the Fiscal Year Ended June 30, 2023

	<u>AFFORDABLE HOUSING FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Rentals	\$ 227,000	\$ 227,000	\$ 224,372	\$ (2,628)
Interest Earnings	-	-	561	561
Total Revenues	<u>227,000</u>	<u>227,000</u>	<u>224,933</u>	<u>(2,067)</u>
EXPENDITURES:				
Business Services:				
Purchased Services	2,500	2,500	2,500	-
Operations and Maintenance:				
Purchased Services	75,750	88,800	65,647	23,153
Supplies	8,000	8,000	4,844	3,156
Capital Outlay	2,000	9,000	14,140	(5,140)
Other	6,100	6,100	8,712	(2,612)
Central Services:				
Purchased Services (insurance)	-	4,450	4,322	128
Facilities:				
Capital Outlay	-	591,200	591,108	92
Debt Service:				
Principal	105,000	105,000	105,000	-
Interest	85,150	85,150	83,575	1,575
Total Expenditures	<u>284,500</u>	<u>900,200</u>	<u>879,848</u>	<u>20,352</u>
Excess of Revenues Over (Under) Expenditures	(57,500)	(673,200)	(654,915)	18,285
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	50,000	50,000	-	(50,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(7,500)	(623,200)	(654,915)	(31,715)
FUND BALANCE – BEGINNING	<u>52,531</u>	<u>706,404</u>	<u>706,404</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 45,031</u>	<u>\$ 83,204</u>	<u>\$ 51,489</u>	<u>\$ (31,715)</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – PALM THEATRE FUND
For the Fiscal Year Ended June 30, 2023

	PALM THEATRE FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources – Palm Arts Contributions	\$ 209,729	\$ 219,500	\$ 220,627	\$ 1,127
State Sources	1,500	9,900	8,674	(1,226)
Total Revenues	211,229	229,400	229,301	(99)
EXPENDITURES:				
Community Services:				
Salaries	158,184	166,109	167,163	(1,054)
Employee Benefits	53,045	63,291	62,138	1,153
Total Expenditures	211,229	229,400	229,301	99
Excess of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	-	-	-	-
FUND BALANCE – BEGINNING	25,076	25,076	25,076	-
FUND BALANCE – ENDING	\$ 25,076	\$ 25,076	\$ 25,076	\$ -

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AND

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

	<u>Reporting Fiscal Year / (Measurement Date)</u>			
	<u>2023 / (2022)</u>	<u>2022 / (2021)</u>	<u>2021 / (2020)</u>	<u>2020 / (2019)</u> <u>2019 / (2018)</u>
Colorado PERA:				
District's proportion (percentage) of the collective net pension liability	0.1172322237%	0.11427891011%	0.1580956605%	0.1304506671% 0.1325461898%
District's proportionate share of the collective pension liability	\$ 21,347,261	\$ 16,616,890	\$ 23,900,875	\$ 19,489,047 \$ 23,470,025
District's covered payroll	\$ 9,031,447	\$ 8,923,856	\$ 8,449,550	\$ 7,648,761 \$ 7,285,862
District's proportionate share of the net pension liability as a percentage of its covered payroll	236%	186%	283%	255% 322%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.85%	66.99%	64.52% 57.01%
	<u>Reporting Fiscal Year / (Measurement Date)</u>			
Colorado PERA (continued):				
District's proportion (percentage) of the collective net pension liability	0.11486332493%	0.1511087484%	0.14565957072%	0.1456150362%
District's proportionate share of the collective pension liability	\$ 48,062,710	\$ 44,990,918	\$ 22,420,778	\$ 19,735,729
District's covered payroll	\$ 6,856,108	\$ 6,781,768	\$ 6,383,408	\$ 6,100,384
District's proportionate share of the net pension liability as a percentage of its covered payroll	701%	663%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.84%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
JUNE 30, 2023

	Reporting Fiscal Year			
	2023	2022	2021	2019
<u>Colorado PERA:</u>				
Statutorily required contribution	\$ 1,920,388	\$ 1,789,599	\$ 1,759,003	\$ 1,431,417
District contributions in relation to the statutorily required contribution	1,920,388	1,789,599	1,759,003	1,431,417
District contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,422,897	\$ 9,001,993	\$ 8,848,090	\$ 7,963,515
District's contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.13%
<u>Colorado PERA (continued):</u>				
	2018	2017	2016	2015
Statutorily required contribution	\$ 1,308,709	\$ 1,256,693	\$ 1,196,503	\$ 1,065,796
District contributions in relation to the statutorily required contribution	1,308,709	1,256,693	1,196,503	1,065,796
District contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,929,693	\$ 6,835,748	\$ 6,746,394	\$ 6,321,947
District's contributions as a percentage of covered payroll	18.89%	18.38%	17.74%	16.86%

2023, 2022, 2020 and 2019 contributions include \$530,477, \$203,374, \$187,226 and \$190,605 respectively from the special funding situation with the State of Colorado as a non-employer contributing entity per SB 18-200.

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

AND

SCHEDULE OF THE DISTRICT'S PERA COLORADO HEALTH CARE TRUST FUND CONTRIBUTIONS

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2023

	<u>Reporting Fiscal Year / (Measurement Date)</u>				
	<u>2023 / (2022)</u>	<u>2022 / (2021)</u>	<u>2021 / (2020)</u>	<u>2020 / (2019)</u>	<u>2019 / (2018)</u>
<u>Colorado PERA HCTF:</u>					
District's proportion of the Net OPEB Liability	0.0890003751%	0.0932303364%	0.0913715708%	0.0850657910%	0.0861449385%
District's proportionate share of the Net OPEB Liability	\$ 726,669	\$ 803,930	\$ 868,236	\$ 956,138	\$ 1,172,038
District's covered payroll	\$ 9,031,447	\$ 8,923,856	\$ 8,449,550	\$ 7,648,761	\$ 7,285,862
District's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	8.05%	9.01%	10.28%	12.50%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%
<u>Colorado PERA HCTF:</u>					
District's proportion of the Net OPEB Liability	0.0844507728%	0.0858886831%			
District's proportionate share of the Net OPEB Liability	\$ 1,097,522	\$ 1,113,576			
District's covered payroll	\$ 6,856,108	\$ 6,781,768			
District's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	16.01%	16.42%			
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%			

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PERA COLORADO HEALTH CARE TRUST FUND CONTRIBUTIONS
JUNE 30, 2023

	Reporting Fiscal Year			
	2023	2022	2021	2019
<u>Colorado PERA:</u>				
Contractually Required Contribution	\$ 96,114	\$ 91,820	\$ 90,251	\$ 76,322
District Contributions in relation to the contractually required contribution	\$ 96,114	\$ 91,820	\$ 90,251	\$ 76,322
District contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,422,897	\$ 9,001,993	\$ 8,848,490	\$ 7,963,515
District's contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%
	Reporting Fiscal Year			
	2018	2017		
<u>Colorado PERA:</u>				
Contractually Required Contribution	\$ 70,683	\$ 69,725		
District Contributions in relation to the contractually required contribution	\$ 70,683	\$ 69,725		
District contribution deficiency (excess)	\$ -	\$ -		
District's covered payroll	\$ 6,929,693	\$ 6,835,748		
District's contributions as a percentage of covered payroll	1.02%	1.02%		

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

SUPPLEMENTARY INFORMATION

DEBT SERVICE FUND

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2023

DEBT SERVICE FUND				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Property Taxes	\$ 1,850,000	\$ 1,850,000	\$ 1,832,705	\$ (17,295)
Specific Ownership Taxes	80,000	80,000	50,790	(29,210)
Interest Earnings	1,000	1,000	61,675	60,675
Total Revenues	1,931,000	1,931,000	1,945,170	14,170
EXPENDITURES:				
Debt Service:				
Principal	395,000	1,345,000	1,345,000	-
Interest	350,999	465,499	465,499	-
Other Costs	2,500	2,500	750	1,750
Total Expenditures	748,499	1,812,999	1,811,249	1,750
Excess of Revenues Over (Under) Expenditures	1,182,501	118,001	133,921	15,920
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	1,182,501	118,001	133,921	15,920
FUND BALANCE – BEGINNING	2,604,466	2,864,626	2,864,626	-
FUND BALANCE – ENDING	\$ 3,786,967	\$ 2,982,627	\$ 2,998,547	\$ 15,920

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

SUPPLEMENTARY INFORMATION

BUILDING FUND

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BUILDING FUND
For the Fiscal Year Ended June 30, 2023

	BUILDING FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Solar Credits/Tax Credits	\$ -	\$ 100,000	\$ 656,154	\$ 556,154
State Sources	-	1,009,795	519,558	(490,237)
Earnings on Investments	-	3,305	3,305	-
Total Revenues	-	1,113,100	1,179,017	65,917
EXPENDITURES:				
Facilities Acquisition and Construction	-	3,428,011	3,428,011	-
Total Expenditures	-	3,428,011	3,428,011	-
Excess of Revenues Over (Under) Expenditures	-	(2,314,911)	(2,248,994)	65,917
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	1,420,000	1,420,000	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	-	(894,911)	(828,994)	65,917
FUND BALANCE – BEGINNING	-	914,664	914,664	-
FUND BALANCE – ENDING	\$ -	\$ 19,753	\$ 85,670	\$ 65,917

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

SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2023

	<u>CAPITAL PROJECTS FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Grants	\$ 212,500	\$ 100,000	\$ 100,000	\$ -
State Sources	-	114,374	114,374	-
Total Revenues	<u>212,500</u>	<u>214,374</u>	<u>214,374</u>	<u>-</u>
EXPENDITURES:				
Facilities Acquisition and Construction:	<u>2,509,000</u>	<u>2,513,016</u>	<u>2,513,016</u>	<u>-</u>
Total Expenditures	<u>2,509,000</u>	<u>2,513,016</u>	<u>2,513,016</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(2,296,500)	(2,298,642)	(2,298,642)	-
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	<u>300,000</u>	<u>(617,303)</u>	<u>(617,303)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,996,500)	(2,915,945)	(2,915,945)	-
FUND BALANCE – BEGINNING	<u>3,460,017</u>	<u>2,915,945</u>	<u>2,915,945</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 1,463,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SUPPLEMENTARY INFORMATION

GENERAL FUND

(COMBINING SCHEDULES AND DETAIL BUDGET)

TELLURIDE SCHOOL DISTRICT R-1
COMBINING SCHEDULE FOR BALANCE SHEET
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Fiscal Year Ended June 30, 2023

	GENERAL (FUND 10)	PRESCHOOL (FUND 19)	TOTAL GENERAL FUND
ASSETS:			
Cash and Cash Equivalents	\$ 6,422,971	\$ 23,869	\$ 6,446,840
Receivables:			
Property Taxes , Net	578,604	-	578,604
Cash w/ County Treasurer	114,311	-	114,311
Other Receivables	561,510	-	561,510
Prepaid Expense	25,465	-	25,465
Internal Balances	125,000	-	125,000
 TOTAL ASSETS	 \$ 7,827,861	 \$ 23,869	 \$ 7,851,730
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 426,401	\$ -	\$ 426,401
Accrued Salaries and Benefits	1,622,219	23,869	1,646,088
Deposits	13,747	-	13,747
Unearned Revenues	124,054	-	124,054
Total Liabilities	2,186,421	23,869	2,210,290
 Deferred Inflows of Resources:			
Unavailable Property Tax Revenue	170,276	-	170,276
Total Deferred Inflows of Resources	170,276	-	170,276
 Fund Balances:			
Nonspendable	25,465	-	25,465
Restricted			
Emergencies	491,000	-	491,000
Committed			
School Finance Funding Reserves	1,148,931	-	1,148,931
Assigned			
Cash Flow Reserves	3,775,864	-	3,775,864
Unassigned	29,904	-	29,904
Total Fund Balances	5,471,164	-	5,471,164
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 7,827,861	 \$ -	 \$ 7,851,730

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

TELLURIDE SCHOOL DISTRICT R-1
COMBINING SCHEDULE FOR STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Year Ended June 30, 2023

	<u>GENERAL (FUND 10)</u>	<u>PRESCHOOL (FUND 19)</u>	<u>TOTAL GENERAL FUND</u>
REVENUES:			
Local Sources	\$ 12,085,737	\$ -	\$ 12,085,737
Intermediate Sources	4,747	-	4,747
State Sources	5,445,231	-	5,445,231
Federal Sources	<u>974,801</u>	<u>-</u>	<u>974,801</u>
Total Revenues	<u>18,510,516</u>	<u>-</u>	<u>18,510,516</u>
EXPENDITURES:			
Instructional	9,128,186	-	9,128,186
Supporting Services:			
Students	1,367,578	-	1,367,578
Instructional Staff	2,048,918	-	2,048,918
General Administration	613,447	-	613,447
School Administration	870,075	-	870,075
Business Services	374,595	-	374,595
Operations and Maintenance	2,287,622	-	2,287,622
Central Services	469,398	-	469,398
Colorado Preschool	<u>-</u>	<u>156,370</u>	<u>156,370</u>
Total Expenditures	<u>17,159,819</u>	<u>156,370</u>	<u>17,316,189</u>
Excess of Revenues Over (Under) Expenditures	<u>1,350,697</u>	<u>(156,370)</u>	<u>1,194,327</u>
OTHER FINANCING SOURCES (USES):			
Transfers In (Out), Net	<u>(1,253,991)</u>	<u>151,294</u>	<u>(1,102,697)</u>
Total Other Financing Sources (Uses)	<u>(1,253,991)</u>	<u>151,294</u>	<u>(1,102,697)</u>
Excess of Revenues and Other Financings Sources Over (Under) Expenditures and Other Financing (Uses)	96,706	(5,076)	91,630
FUND BALANCES – Beginning	<u>5,374,458</u>	<u>5,076</u>	<u>5,379,534</u>
FUND BALANCES – Ending	<u>\$ 5,471,164</u>	<u>\$ -</u>	<u>\$ 5,471,164</u>

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

TELLURIDE SCHOOL DISTRICT R-1
DETAIL SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Revenue from Local Sources and Interest:			
Property Taxes	\$ 10,062,194	\$ 10,041,655	\$ (20,539)
Specific Ownership Taxes	410,000	504,259	94,259
Grants and Contributions	660,394	729,886	69,492
Tuition and Fees	218,800	264,292	45,492
Rental Income	114,000	155,068	41,068
Other Local Revenues	46,000	63,900	17,900
Interest Earnings	219,000	326,677	107,677
Total Local Sources and Interest:	<u>11,730,388</u>	<u>12,085,737</u>	<u>355,349</u>
Revenue from Intermediate Sources:			
Mineral Lease Revenues	1,400	4,428	3,028
Public School Lands	300	319	19
Total Intermediate Sources	<u>1,700</u>	<u>4,747</u>	<u>3,047</u>
Revenue from State Sources:			
State Equalization	4,457,909	4,457,877	(32)
ELPA Grants	25,000	29,708	4,708
Read Act Grants	6,800	6,807	7
Library Grant	4,500	4,500	-
Small Rural Schools Grant	408,924	408,924	-
At Risk Mitigation Grant	25,000	-	(25,000)
At Risk Supplemental Grant	3,000	2,302	(698)
AP Exam Fee Grant	7,500	-	(7,500)
State Priorities Grant	16,000	-	(16,000)
Vocational Education	50,000	41,688	(8,312)
PERA-on-Behalf Funding	510,908	493,425	(17,483)
Total State Sources	<u>5,515,541</u>	<u>5,445,231</u>	<u>(70,310)</u>
Revenue from Federal Sources:			
Title I	79,069	79,069	-
Title II A – Teacher Quality	16,851	16,904	53
Title III – Immigration/Part A/Formula	17,886	24,330	6,444
Title IV – Rural Education & Part A	10,000	10,954	954
ARPA ESSER III Grant	299,959	299,959	-
ESSER III Small Rural	3,000	3,000	-
ESSER III ELO Summer Program	29,000	30,471	1,471
ESSER III ELO After School	30,000	36,572	6,572
Carl Perkins Grant	14,000	14,000	-
REAP Grant	40,782	40,020	(762)
National Forest Land Payments: Secure Rural Schools	22,000	27,825	5,825
SNAP P-EBT Program	-	1,281	1,281
Childcare Stability Grant	34,182	46,441	12,259
Healthy Schools Grant	-	2,000	2,000
CLSD Co Comp State Literacy Grant	354,840	341,975	(12,865)
Total Federal Sources	<u>951,569</u>	<u>974,801</u>	<u>23,232</u>
 TOTAL REVENUES	 18,199,198	 18,510,516	 311,318
Transfers In	-	-	-
 BUDGETARY REVENUES	 <u>\$ 18,199,198</u>	 <u>\$ 18,510,516</u>	 <u>\$ 311,318</u>

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

TELLURIDE SCHOOL DISTRICT R-1

DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2023

EXPENDITURES:	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
INSTRUCTION:			
Salaries	\$ 6,439,617	\$ 6,297,866	\$ 141,751
Employee Benefits	2,434,723	2,282,368	152,355
Purchased Services	322,484	286,172	36,312
Supplies and Materials	263,865	209,872	53,993
Capital Outlay	71,220	51,129	20,091
Other Expenditures	700	779	(79)
TOTAL INSTRUCTION	<u>9,532,609</u>	<u>9,128,186</u>	<u>404,423</u>
GENERAL SUPPORTING SERVICES:			
<i>Student Support:</i>			
Salaries	816,537	818,351	(1,814)
Employee Benefits	303,377	318,720	(15,343)
Purchased Services	154,551	147,914	6,637
Supplies and Materials	69,492	82,593	(13,101)
Subtotal	<u>1,343,957</u>	<u>1,367,578</u>	<u>(23,621)</u>
<i>Instructional Staff:</i>			
Salaries	994,842	970,740	24,102
Employee Benefits	350,251	348,257	1,994
Purchased Services	558,105	486,609	71,496
Supplies and Materials	60,269	55,780	4,489
Capital Outlay	261,000	187,532	73,468
Subtotal	<u>2,224,467</u>	<u>2,048,918</u>	<u>175,549</u>
<i>General Administration:</i>			
Salaries	233,975	232,421	1,554
Employee Benefits	87,269	83,613	3,656
Purchased Services	216,285	243,782	(27,497)
Supplies and Materials	30,500	39,950	(9,450)
Other Expenditures	13,600	13,681	(81)
Subtotal	<u>581,629</u>	<u>613,447</u>	<u>(31,818)</u>
<i>School Administration:</i>			
Salaries	559,047	569,099	(10,052)
Employee Benefits	271,435	276,374	(4,939)
Purchased Services	7,800	6,088	1,712
Supplies and Materials	24,800	17,675	7,125
Other Expenditures	2,500	839	1,661
Subtotal	<u>865,582</u>	<u>870,075</u>	<u>(4,493)</u>
TOTAL GENERAL SUPPORT	<u>5,015,635</u>	<u>4,900,018</u>	<u>115,617</u>

(continued on next page)

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

<i>(continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BUSINESS SUPPORTING SERVICES:			
<i>Business Services:</i>			
Salaries	\$ 231,773	\$ 227,534	\$ 4,239
Employee Benefits	114,942	109,065	5,877
Purchased Services	26,800	21,912	4,888
Supplies and Materials	2,000	1,696	304
Other Expenditures	18,742	14,388	4,354
Subtotal	<u>394,257</u>	<u>374,595</u>	<u>19,662</u>
<i>Operations and Maintenance:</i>			
Salaries	358,611	285,881	72,730
Employee Benefits	156,862	125,110	31,752
Purchased Services	981,200	1,111,440	(130,240)
Supplies and Materials	447,000	488,998	(41,998)
Capital Outlay	65,000	276,058	(211,058)
Other Expenditures	-	135	(135)
Subtotal	<u>2,008,673</u>	<u>2,287,622</u>	<u>(278,949)</u>
TOTAL BUSINESS SUPPORT	<u>2,402,930</u>	<u>2,662,217</u>	<u>(259,287)</u>
CENTRAL SUPPORTING SERVICES:			
Salaries	76,763	77,263	(500)
Employee Benefits	58,002	56,069	1,933
Purchased Services	278,145	283,261	(5,116)
Supplies and Materials	40,416	52,805	(12,389)
Other Expenditures	500	-	500
TOTAL CENTRAL SUPPORT	<u>453,826</u>	<u>469,398</u>	<u>(15,572)</u>
COLORADO PRESCHOOL:			
Salaries	110,819	106,631	4,188
Employee Benefits	43,417	37,578	5,839
Purchased Services	10,000	-	10,000
Supplies and Materials	2,000	1,491	509
Other Expenditures	10,000	10,670	(670)
TOTAL COLORADO PRESCHOOL	<u>176,236</u>	<u>156,370</u>	<u>19,866</u>
OTHER FINANCING USES:			
Transfers Out	<u>870,000</u>	<u>1,102,697</u>	<u>(232,697)</u>
TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u>\$ 18,451,236</u>	<u>\$ 18,418,886</u>	<u>\$ 32,350</u>

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

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES

AND

BOLDED BALANCE SHEET REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 2830 – Telluride R-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	5,374,458		17,256,525		17,159,819		5,471,164
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	5,076		151,294		156,370		0
Sub-Total	5,379,534		17,407,819		17,316,189		5,471,164
11 Charter-School Fund	0		0		0		0
20,26-29 Special Revenue Fund	731,481		454,234		1,109,149		76,566
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	178,419		323,934		425,520		76,832
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	155,150		451,897		599,987		6,860
25 Transportation Fund	174,760		272,895		369,772		77,883
31 Bond Redemption Fund	2,864,626		1,945,170		1,811,249		2,998,547
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	914,664		2,599,017		3,428,011		85,670
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	2,915,945		-402,929		2,513,016		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	13,314,579		25,051,837		27,572,893		8,793,522
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



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2830 - Telluride R-1
 Fiscal Year 2022-23
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary						Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	6,422,971	0	23,869	378,981	0	0	92,916	2,905,089	950,620	0	0	0	0	0	0	10,774,447
Cash with Fiscal Agent (8105)	114,311	0	0	2,444	0	0	0	18,393	0	0	0	0	0	0	0	135,148
Taxes Receivable (8121,8122)	578,604	0	0	12,678	0	0	0	106,368	0	0	0	0	0	0	0	697,649
Interfund Loans Receivable (8131,8132)	125,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125,000
Grants Accounts Receivable (8142)	544,203	0	0	0	0	0	20,930	0	947,725	0	0	0	0	0	0	1,512,858
Other Receivables (8151-8154,8161)	17,307	0	0	7,729	0	0	1,347	0	0	0	0	0	0	0	0	26,382
Inventories (8171,8172,8173)	0	0	0	0	0	0	7,494	0	0	0	0	0	0	0	0	7,494
Prepaid Expenses 8181,8182)	25,465	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,465
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	7,827,861	0	23,869	401,831	0	0	122,687	3,029,850	1,898,344	0	0	0	0	0	0	13,304,442

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY	Governmental										Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	125,000	0	0	0	0	0	0	125,000	
Other Payables (7421-7423)	426,402	0	0	63,346	0	0	2,016	0	1,687,674	0	0	0	0	0	0	2,179,438	
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accrued Expenses (7461)	1,214,318	0	18,205	24,108	0	0	16,058	0	0	0	0	0	0	0	0	1,272,689	
Payroll Ded. and Withholdings (7471-7473)	407,900	0	5,664	12,248	0	0	5,125	0	0	0	0	0	0	0	0	430,938	
Unearned Revenue (7481)	59,971	0	0	110,701	0	0	22,656	0	0	0	0	0	0	0	0	193,328	
Grants Deferred Revenue (7482)	64,083	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64,083	
Other Current Liabilities (7491,7492,7499)	13,747	0	0	26,388	0	0	0	0	0	0	0	0	0	0	0	40,135	
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Inflow (7800)	170,276	0	0	3,731	0	0	0	31,303	0	0	0	0	0	0	0	205,310	
Total Liabilities	2,356,697	0	23,869	240,522	0	0	45,855	31,303	1,812,674	0	0	0	0	0	0	4,510,920	

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	25,465	0	0	0	0	0	7,494	0	0	0	0	0	0	0	32,959
Restricted Fund Balance 6720	0	0	0	77,883	0	0	68,339	2,998,547	85,670	0	0	0	0	0	3,231,438
TABOR 3% Emergency Reserve 6721	491,000	0	0	0	0	0	0	0	0	0	0	0	0	0	491,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	1,148,931	0	0	83,426	0	0	0	0	0	0	0	0	0	0	1,232,357
Assigned Fund Balance 6760	3,775,864	0	0	0	0	0	0	0	0	0	0	0	0	0	3,775,864
Unassigned Fund Balance 6770	29,904	0	0	0	0	0	0	0	0	0	0	0	0	0	29,904
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	5,471,164	0	0	161,309	0	0	76,832	2,998,547	85,670	0	0	0	0	0	8,793,522

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Foundations Fund 85	Totals
Total Liabilities & Fund Equity	7,827,861	0	23,869	401,831	0	0	122,887	3,029,850	1,898,344	0	0	0	0	0	13,304,442

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

Board of Education
Telluride School District R-1
Telluride, Colorado

**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**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Telluride School District No. R-1 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report dated February 14, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Maggard & Hood, P.C.", written in a cursive style.

MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
February 14, 2024

Board of Education
Telluride School District R-1
Telluride, Colorado

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

Report on Compliance for Each Major Program

We have audited the compliance of the Telluride School District R-1 (the District) with the types of compliance requirements describe in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures that we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiency and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.



MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
February 14, 2024

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:
Material weaknesses 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 are required to be reported in
accordance with Title 2 U.S. Code of Federal Regulations Part 200..... None noted

Major programs:

Comprehensive Literacy State Development Grant: Professional Development Cohort ALN 84.371C

Covid-19, Education Stabilization Fund (ESF):

Elementary & Secondary School Emergency Relief (ARP ESSER II) Fund..... ALN 84.425D
Elementary & Secondary School Emergency Relief (ARP ESSER III) Fund..... ALN 84.425U
Elementary & Secondary School Emergency Relief (ARP ESSER III ELO Summer ALN 84.425U
Elementary & Secondary School Emergency Relief (ARP ESSER III ELO Afterschool.. ALN 84.425U

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 REALTED TO FEDERAL AWARDS

Internal control findings None noted
Compliance findings..... None noted
Questioned costs None noted

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Grant Project Code</u>	<u>Expenditures</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
<i>Passed through State Department of Education:</i>			
Title I, Part A, Improving Basic Programs Operated by Schools	84.010	4010	\$ 79,069
Title II-A, Teacher & Principal Training and Recruiting Fund	84.367	4367	16,904
Title III-A, English Language Acquisition Grants	84.365	4365	18,214
Title III-A, Set-Aside – Immigr.	84.365	4365	6,116
Title IV-A, Student Support & Academic Enrichment	84.424A	4424	10,954
Comprehensive Literacy State Development Grant: Prof Devel Cohort	84.371C	5371	341,975
<i>COVID-19-Education Stabilization Fund:</i>			
ESSER, Elementary & Secondary Emergency Relief –			
ESSER II, Education Stabilization Fund	84.425D	4432	3,000
ESSER III, Education Stabilization Fund	84.425U	4414	299,959
ESSER III, Education Stabilization Fund: ELO Summer School	84.425U	4438	30,471
ESSER III, Education Stabilization Fund: ELO AfterSchool	84.425U	4449	36,572
<i>Passed through Colorado Colleges and Occupational System:</i>			
Carl Perkins Vocational & Applied Technology	84.048	4048	14,000
<i>U.S. Department of Education Direct Distribution:</i>			
Title VI-B, Small Rural Achievement Program (REAP)	84.358	4358	<u>40,020</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			<u>897,254</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through State Department of Health & Human Services:</i>			
Child Care and Development Block Grant– Childcare Stabilization Fund	93.575	7575	46,441
<i>Passed through State Department of Education:</i>			
Improving Student Health	93.981	7981	<u>2,000</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>48,441</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through State of Colorado Department of Natural Resources:</i>			
National Forest Land Payments: Secure Rural Schools	10.665	7665	27,825
<i>Passed through Colorado Department of Human Services:</i>			
Food Distribution Commodities	10.555	4555	5,744 (A)
<i>Passed through State Department of Education:</i>			
School Breakfast Program	10.553	4555	23,651 (A)
National School Lunch Program	10.555	4555	76,246 (A)
Supply Chain Assistance (SCA)	10.555	4555	28,456 (A)
SNAP - Local P-EBT Admin Reimbursement	10.649	4649	<u>1,281</u>
TOTAL UNITED STATES TREASURY			<u>163,203</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,108,898</u>

(A) Child Nutrition Cluster - Total \$134,097.

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2023

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Telluride School District R-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, US 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 general purpose financial statements.

Note 2 -- Basis of Determining the Value of Non-cash Awards Expended

Food Distribution Commodities: Fair market value at the time recipient received award and assessed value provided by the federal agency.

Note 3 - Sub-recipients:

The District did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub-recipients.

Note 4 -- Indirect Facilities and Administrative Costs

The District does not opt to use the 10% de minimis cost rate allowed in Title 2 US Code of Federal Regulations (CFR), Part 200.414 Indirect (F&A) costs.