

**SOUTH CONEJOS SCHOOL DISTRICT RE-10
ANTONITO, COLORADO**

FINANCIAL STATEMENTS

June 30, 2023



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

SOUTH CONEJOS SCHOOL DISTRICT RE-10

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INDEPENDENT AUDITOR'S REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
South Conejos School District RE-10
Antonito, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Conejos School District RE-10 (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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

Certified Public Accountants

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not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 07, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc

Wall, Smith Bateman Inc.
Alamosa, Colorado

November 07, 2023

The management of South Conejos School District RE-10 offers readers of the district's basic financial statements, this narrative overview, and an analysis of the financial activities of the district for the fiscal year ended June 30, 2023.

Financial Highlights

On the statement of net position, assets and deferred outflows were more than the district's liabilities and deferred inflows, resulting in a net position of \$18.1 million. Total assets increased by \$3.4 million, deferred outflows of resources increased by \$.22 million, total liabilities increased by \$1.3 million, and deferred inflows of resources decreased by \$1.3 million.

On the statement of activities, general revenues totaling \$ 3.61 million accounted for 65 percent of all revenues of the primary government. Program revenues provided \$1.9 million, or 35 percent of all revenues, directly supporting the functions and programs of the primary government.

Outstanding liability for general obligation bonds payable decreased by \$0.25 million due to scheduled principal payments.

Governmental funds reported combined ending fund balances of \$8.7 million, an increase of \$3.7 million from the prior year. Restricted fund balance for statutory requirements totaled \$1.33 million; fund balance amounts committed by district management for various operations totaled \$.12 million. Unassigned fund balance of \$7.2 million in the General Fund is available for district use.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to the district's basic financial statements. The annual report consists of a series of financial statements and notes to those statements organized so the reader can understand the district as a whole. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances using accounting methods similar to those used by a private-sector business. These statements report the financial status of the district's governmental activities, representing the district's programs and services, including instruction, support services, food service operations, operation and maintenance of facilities, pupil transportation, and administration. Taxes and State equalization funding principally support these activities. The government-wide financial statements follow this Management's Discussion and Analysis section of the report.

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

The statement of activities presents information showing how the district's net position changed during the fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Fund Financial Statements. The fund financial statements focus on the district's major funds and provide more detailed information about the district. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The district's funds are governmental funds.

Governmental Funds. The district's activities are reported in governmental funds, which focus on how money flows into and out of those funds. Governmental funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. The balances left at year-end are available for spending in future periods. The governmental fund statements provide a detailed, short-term view of the financial resources that can be spent in the near future on the district's programs.

The focus of governmental funds is narrower than that of the government-wide financial statements. It is useful to compare the information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Because there are differences between *governmental activities* (shown in the statement of net position and the statement of activities previously discussed) and *governmental funds*, two reconciliations are provided in the financial statements. The major differences between the financial reporting on governmental activities and governmental funds are directly related to the district's long-term liabilities and capital assets. For example, repayment of general obligation bonds is shown as an expenditure that reduces fund balance in the Bond Redemption Fund but as a reduction of long-term debt on the statement of activities. Acquisition of capital assets is shown as expenditures that reduce fund balance in governmental funds but as a noncurrent asset on the statement of net position. More details can be found on the reconciliations contained within the financial statements.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information and Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also includes *required supplementary information* containing the district's budgetary schedules for the district's General Fund and the pension information required by GASB 68 and the OPEB information required by GASB 75. Other supplementary information, including financial statements and budgetary comparisons for the district's other governmental funds and the Auditor's Integrity Report follows the required supplementary information.

Government-wide Financial Analysis

Governmental Activities. As of June 30, 2023, assets and deferred outflows exceeded liabilities and deferred inflows. As required by accounting standards, GASB 68 and GASB 75, the district has recorded a noncurrent liability of \$4.93 million for its net pension and OPEB liability. The district has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by Colorado Public Employees' Retirement Association (PERA). As part of the GASB 68 and GASB 75 accounting, the districts deferred outflows increased by \$.22 million. During 2023, the total net position increased \$3.55 million from \$14.58 million to \$18.13 million. A significant portion of the district's assets are investments in capital assets, such as land, buildings and equipment. The value of capital assets, net of depreciation, decreased by \$0.37 million, from \$17.65 million to \$17.29 million, because of net depreciation.

Restricted net position of the district includes three categories: 1) an emergency fund mandated by Article X, Section 20, of the Colorado constitution (i.e., TABOR) and 2) funds generated from property taxes accounted for in the Bond Redemption Fund that are restricted for the payment of long-term debt. In accordance with the emergency fund mandate, the district reserved 3.0 percent of applicable expenditures and the bond redemption funds, totaling \$1.08 million. 3) Amounts restricted for Colorado Preschool Program. Net investment in capital assets remained unchanged.

Net position for government activities increased by \$3.55 million. Expenses for governmental activities went up from 3.08 million to 5.2 million. Pension expenses are allocated proportionally between instruction and support services in the same proportion as the actual employee benefit expenses.

Net Position. The table below summarizes the district's net position for June 30, 2023. Comparative data for June 30, 2022, is also presented.

The following condensed financial information is derived from the government-wide statement of net position.

Comparative Summary of Net Position

	Primary Government			
	Governmental Activities		Increase (Decrease)	% Change from 2022
	June 30, 2023	June 30, 2022		
Current assets	9,376,728	5,609,604	3,767,124	67.15%
Capital assets, net	17,285,603	17,652,749	(\$367,146)	-2.08%
Total assets	26,662,331	23,262,353	3,399,978	14.62%
Deferred outflows of resources	1,193,832	974,481	219,351	22.51%
Current liabilities	944,834	848,488	96,346	11.36%
Noncurrent liabilities outstanding	8,252,822	7,003,846	1,248,976	17.83%
Total liabilities	9,197,656	7,852,334	1,345,322	17.13%
Deferred inflows of resources	527,019	1,806,257	(1,279,238)	-70.82%
Net investment in capital assets	13,734,880	13,851,776	(116,896)	-.84%
Restricted	1,325,517	1,135,263	190,254	16.76%
Unrestricted (deficit)	3,071,091	(408,796)	3,479,887	851.25%
Total net position	\$ 18,131,488	\$ 14,578,243	\$ 3,553,245	24.37%

The deferred outflows increased by \$.22 million due to the assumptions change used for PERA's actuarial valuation. See the Notes to the Financial Statements for additional information on GASB 68 and GASB 75. The remaining \$3.48 million change in unrestricted net position is due to the district's pension impacts within the deferred inflows of resources.

The effect of the PERA pension and OPEB on the District's total net position for the fiscal year 2023 and 2022 is summarized below:

	Fiscal Year 2023	Fiscal Year 2022
Net Position (GAAP Basis)	\$ 18,131,488	\$ 14,578,243
GASB 68- Pension	4,080,188	4,044,623
GASB 75- OPEB	184,153	211,185
Net Position Excluding Pension and OPEB	\$ 22,395,829	\$ 18,834,051

The effect of the PERA pension and OPEB on the District's unrestricted net position is summarized below:

	Fiscal Year 2023	Fiscal Year 2022
Unrestricted Net Position (GAAP Basis)	3,071,091	\$ (408,796)
GASB 68- Pension	4,080,188	4,044,623
GASB 75- OPEB	184,153	211,185
Net Position Excluding Pension and OPEB	\$ 7,335,432	\$ 3,847,012

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

The following condensed financial information is derived from the government-wide statement of activities and reflects how the district’s net position changed from June 30, 2022, to June 30, 2023.

Comparative Summary of Activities and Changes in Net Position				
Primary Government				
Governmental Activities				
	June 30, 2023	June 30, 2022	Increase (Decrease)	% Change from 2022
REVENUES				
Program revenues:				
Charges for services	\$ 240,498	\$ 140,907	\$ 99,591	70.68%
Operating grants & contributions	1,690,640	1,948,524	(257,884)	-13.23%
General revenues:				
Property taxes	1,524,623	1,363,637	160,986	11.81%
State share	1,942,749	1,873,827	68,922	3.68%
Other	146,711	16,349	130,362	797.37%
Total revenues	5,545,221	5,343,244	201,977	3.78%
EXPENSES				
Instruction	2,858,361	1,434,689	1,423,672	99.23%
Supporting services	1,952,458	1,339,021	613,437	45.81%
Other support services	19,580	14,963	4,617	30.86%
Food service operations	204,904	127,050	77,854	61.28%
Interest on long-term debt	154,688	164,957	(10,269)	-6.23%
Facilities Aquisition and Construction Services	2,500	0	2,500	100.00%
Total expenses	5,192,491	3,080,680	2,111,811	68.55%
Special Item Settlement Revenue	3,200,515	0	3,200,515	100.00%
Change in net position	3,553,245	2,262,564	1,290,681	57.50%
Net position - beginning of year	14,578,243	12,315,679	2,262,564	18.37%
Net position - end of year	\$ 18,131,488	\$ 14,578,243	\$ 3,553,245	24.37%

Analysis of the District’s Governmental Funds

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the district’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Unassigned fund balance may serve as a useful measure of the net resources available for spending. The governmental funds use the modified accrual basis of accounting. The fund financial statements provide information about the district’s most significant funds and summarize less significant funds into one column.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

The Colorado constitution requires an emergency reserve of 3.0 percent of expenditures, with certain federal and local expenditures excluded from this requirement. On the district’s Balance Sheet for Governmental Funds, the requirement amount of \$120,000 is shown as fund balance restricted for TABOR emergency reserve.

General Fund. The General Fund’s unassigned fund balance is \$7.2 million, which measures the district’s net resources available for spending at the end of the fiscal year. This is an increase of \$3.5 million from the prior year. Fund balances increased in the general fund. The increase in the general fund was due to an underspending of expenditures.

The district’s board of education has not set a policy requiring a minimum total fund balance in the General Fund. Management believes the 82.2% general fund operating reserve ratio is a responsible amount given the unpredictability of revenue related to pupil count and the unpredictability of expenditures related to insurance and special education. The district’s operating reserve was 59.9% in 2023. This year marks the eighth year of the district spending less than its current revenues. This fiscal discipline allowed the district to increase its fiscal health by meeting the financial indicator benchmarks set by the state.

Revenues. Governmental funds revenue increased by \$0.21 million, driven by operating grants & and contributions. Operating grants & and contributions increased with additional grant funding provided to the district in 2023. The remaining local revenues remain relatively flat.

Expenditures. Total governmental funds expenditures increased slightly to \$5.06 million. The debt service expenditures were \$.40 million.

General Fund Budgetary Highlights

Actual revenues were under budget by .64 million. The positive variance in expenditures related to an underspending in Student Supporting Services expenditures of \$1,062,119 and an underspending of \$2,998,990 in Facilities Acquisition and Construction Services.

Capital Assets and Debt Administration

Capital assets

Net of depreciation, the district’s capital assets as of June 30, 2023, totaled \$17,285,603 million, which is invested in land, buildings, equipment, and vehicles. The current fiscal year depreciation totaled \$464,656. Other than depreciation, changes in 2023 related to the Equipment and Vehicles activities.

	Capital Assets			
	(Net of Depreciation)			
	Primary Government		Increase (Decrease)	% Change From 2022
Governmental Activities				
	June 30, 2023	June 30, 2022		
Land	\$ 45,124	\$ 45,124	\$ -	-
Buildings and improvements	16,874,270	17,285,032	(410,762)	-2.37%
Equipment and vehicles	366,209	322,593	43,616	13.52%
Subtotal	17,285,603	17,652,749	(367,146)	-2.08%
Total	17,285,603	\$ 17,652,749	\$ (367,146)	-2.08%

For more information on the district’s capital assets, refer to Note 7 Capital Assets in the Notes to the Financial Statements.

Long-Term Debt

The remaining long-term debt principal is \$3.59 million, with \$0.26 million due in one year. For more information on the district’s long-term debt, refer to Note 9, Long-Term Liabilities in the Notes to the Financial Statements.

**Outstanding Debt
 June 30, 2023**

	Primary Government		Increase (Decrease)	% Change From 2022
	Governmental Activities			
	June 30, 2023	June 30, 2022		
General obligation bonds	\$3,550,723	\$ 3,800,973	\$ (250,250)	-6.58%

Other Highlights

Additional information related to capital assets and debt administration are located in Note 7 and Note 9, respectively.

The district filed a lawsuit against the contractor, architects, and others involved in constructing the K-12 grade school facility built several years ago. The lawsuit is ongoing, and the district has received a partial settlement in the fiscal year 2023. The district was awarded \$3,200,515. This amount is included as a special item in the General Fund financial statements and the government-wide statement of activities. The settlement pay will be utilized to pay a Construction Consultant and attorney fees, and fix defects in the roof system and concrete.

Requests for Information

This financial report is designed to provide a general overview of the district’s finances and demonstrate its accountability for the money it receives. If you have questions about this report or need additional information, please get in touch with the Superintendent, South Conejos School District RE-10, 31099 County Road G, Antonito, Colorado 81120, or visit our website at southconejos.com.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

BASIC FINANCIAL STATEMENTS

SOUTH CONEJOS SCHOOL DISTRICT RE-10
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 8,928,568
Property Tax Receivable	93,818
Due from Other Governments	352,501
Inventories	1,841
Total Current Assets	9,376,728
Capital Assets	
Land	45,124
Land Improvements	350,349
Buildings and Improvements	19,967,720
Equipment	65,986
Vehicles	707,745
Less: Accumulated Depreciation	(3,851,321)
Total Capital Assets	17,285,603
TOTAL ASSETS	26,662,331
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,152,918
OPEB	40,914
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,193,832
LIABILITIES	
Current Liabilities	
Accounts Payable	(245)
Accrued Salaries and Benefits	353,455
Unearned Grant Revenue	328,044
General Obligation Bonds	260,730
Compensated Absences	2,850
Total Current Liabilities	944,834
Noncurrent Liabilities	
General Obligation Bonds	3,289,993
Compensated Absences	31,675
Net Pension Liability	4,768,818
Net OPEB Liability	162,336
Total Noncurrent Liabilities	8,252,822
TOTAL LIABILITIES	9,197,656
DEFERRED INFLOWS OF RESOURCES	
Pension	464,288
OPEB	62,731
TOTAL DEFERRED INFLOWS OF RESOURCES	527,019
NET POSITION	
Net Investment in Capital Assets	13,734,880
Restricted	1,325,517
Unrestricted	3,071,091
TOTAL NET POSITION	\$ 18,131,488

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 2,858,361	\$ 196,150	\$ 1,379,857	\$ -	\$ (1,282,354)
Student Support Services	566,221	34,962	138,111	-	(393,148)
Instructional Staff Support Services	67,340	-	493	-	(66,847)
General Administration Support Services	421,041	-	11,571	-	(409,470)
School Administration Support Services	140,436	-	4,777	-	(135,659)
Business Support Services	10,844	-	379	-	(10,465)
Operations and Maint. of Plant Services	392,493	-	7,529	-	(384,964)
Student Transportation Services	173,620	-	24,679	-	(148,941)
Central Support Services	180,463	-	2,114	-	(178,349)
Other Support Services	19,580	-	-	-	(19,580)
Food Services	204,904	9,386	121,130	-	(74,388)
Facilities Acquisition and Construction Services	2,500	-	-	-	(2,500)
Interest on Long-term Debt	154,688	-	-	-	(154,688)
Total Governmental Activities	5,192,491	240,498	1,690,640	-	(3,261,353)
Total Primary Government	\$ 5,192,491	\$ 240,498	\$ 1,690,640	\$ -	(3,261,353)
General Revenues					
Taxes:					
General Property Taxes - Net					1,316,520
Specific Ownership Taxes					208,103
Other Taxes					-
State Equalization					1,942,749
Interest on Investments					91,466
Miscellaneous					55,245
Total General Revenues					3,614,083
Special Item (Note 17)					
Settlement Revenue					3,200,515
Change in Net Position					
					3,553,245
Net Position - Beginning of year					
					14,578,243
Net Position - End of year					
					\$ 18,131,488

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2023

	GENERAL FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 2,340,761	\$ 1,050,934	\$ 94,460	\$ 3,486,155
Investments	5,408,065	-	34,348	5,442,413
Due from Other Funds	31,788	-	-	31,788
Property Tax Receivable	52,700	41,118	-	93,818
Due from Other Governments	282,099	-	70,402	352,501
Inventories	-	-	1,841	1,841
TOTAL ASSETS	\$ 8,115,413	\$ 1,092,052	\$ 201,051	\$ 9,408,516
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ (245)	\$ -	\$ -	\$ (245)
Due to Other Funds	-	-	31,788	31,788
Accrued Salaries and Benefits	310,206	-	43,249	353,455
Unearned Grant Revenue	323,250	-	4,794	328,044
TOTAL LIABILITIES	633,211	-	79,831	713,042
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	28,484	16,578	-	45,062
FUND BALANCE				
Nonspendable	-	-	1,841	1,841
Restricted	250,043	1,075,474	-	1,325,517
Committed	-	-	125,752	125,752
Unassigned	7,203,675	-	(6,373)	7,197,302
TOTAL FUND BALANCE	7,453,718	1,075,474	121,220	8,650,412
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 8,115,413	\$ 1,092,052	\$ 201,051	\$ 9,408,516

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total governmental fund balances		\$ 8,650,412
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		17,285,603
Certain deferred inflows related to unavailable fund resources do not provide current financial resources and the revenues are not recognized on the fund financial statements but are recognized on the government-wide financial statements.		45,062
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		1,193,832
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.		
General Obligation Bonds	\$ (3,550,723)	
Compensated Absences	<u>(34,525)</u>	
		(3,585,248)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(4,931,154)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(527,019)</u>
Net position of governmental activities		<u><u>\$ 18,131,488</u></u>

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2023

	GENERAL FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 1,104,665	\$ 588,227	\$ 44,523	\$ 1,737,415
Intermediate Sources	10	-	-	10
State Sources	2,878,556	-	2,038	2,880,594
Federal Sources	613,044	-	314,158	927,202
TOTAL REVENUES	4,596,275	588,227	360,719	5,545,221
EXPENDITURES				
Instructional Program	2,271,501	-	184,858	2,456,359
Student Supporting Services	535,894	-	12,150	548,044
Instructional Staff Supporting Services	43,018	-	24,287	67,305
General Administration Supporting Services	412,156	-	8,052	420,208
School Administration Supporting Services	140,092	-	-	140,092
Business Supporting Services	10,817	-	-	10,817
Operations and Maintenance of Plant Services	398,271	-	-	398,271
Student Transportation Services	122,664	-	-	122,664
Central Supporting Services	173,889	-	-	173,889
Other Supporting Services	19,580	-	-	19,580
Food Services	-	-	204,592	204,592
Facilities Acquisition and Construction Services	2,500	-	-	2,500
Capital Outlay	94,619	-	-	94,619
Debt Service	-	404,938	-	404,938
TOTAL EXPENDITURES	4,225,001	404,938	433,939	5,063,878
Excess (deficiency) of revenues over expenditure:	371,274	183,289	(73,220)	481,343
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	55,000	55,000
Transfers to Other Funds	(55,000)	-	-	(55,000)
TOTAL OTHER FINANCING SOURCES (USES)	(55,000)	-	55,000	-
SPECIAL ITEM (NOTE 17)				
Settlement Revenue	3,200,515	-	-	3,200,515
Net Change in Fund Balance	3,516,789	183,289	(18,220)	3,681,858
Fund Balance, Beginning of Year	3,936,929	892,185	139,440	4,968,554
Fund Balance, End of Year	\$ 7,453,718	\$ 1,075,474	\$ 121,220	\$ 8,650,412

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 3,681,858

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the capital asset activity.

Capital asset additions	\$ 97,510	
Depreciation expense	<u>(464,656)</u>	(367,146)

Unearned revenue does not provide current financial resources on the governmental fund financial statements, but this change in unearned revenue from year to year is recognized on the government-wide financial statements. -

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payment on general obligation bonds		250,250
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences		(3,184)
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense. (8,533)

Change in net position of governmental activities \$ 3,553,245

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards.

REPORTING ENTITY

Primary Government

South Conejos School District RE-10 was organized under the School District Act of 1965. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and submits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the South Conejos School District RE-10 has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Bond Redemption Fund** is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on the long-term general obligation debt.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

Cash with Fiscal Agent

Conejos County collects property taxes for the District and holds the funds in trust until sent to the District, generally on a monthly basis. The amount held by the County Treasurer is included as a receivable on the balance sheet and statement of net position.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2023 have been recorded in the financial statements as an asset and a corresponding deferred inflows of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital Assets, which include land, land improvements, buildings and improvements, equipment, vehicles, and construction in progress are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-20
Buildings and Improvements	5-35
Equipment	5-25
Vehicles	5-12

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

Employees of the District may accumulate sick leave up to 30 days. Upon retirement from the District, an employee will receive the certified substitute teacher's rate per day for each sick day accumulated. Employees leaving the District for any other reason will receive one-fourth the daily substitute rate for each sick day accumulated. A liability is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pension and other postemployment benefits must be deferred.

Pension

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

Other Postemployment Benefits (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

As of June 30, 2023, fund balances are composed of the following:

FUND BALANCE	GENERAL FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
Nonspendable:				
Inventory	\$ -	\$ -	\$ 1,841	\$ 1,841
Prepaid Expenditures	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,841</u>	<u>1,841</u>
Restricted:				
TABOR	120,000	-	-	120,000
Debt Service	-	1,075,474	-	1,075,474
Preschool	130,043	-	-	130,043
	<u>250,043</u>	<u>1,075,474</u>	<u>-</u>	<u>1,325,517</u>
Committed:				
Pupil Activities	-	-	125,752	125,752
Food Service	-	-	-	-
Governmental Designated Purpose	-	-	-	-
	<u>-</u>	<u>-</u>	<u>125,752</u>	<u>125,752</u>
Unassigned	<u>7,203,675</u>	<u>-</u>	<u>(6,373)</u>	<u>7,197,302</u>
TOTAL FUND BALANCE	<u><u>\$7,453,718</u></u>	<u><u>\$ 1,075,474</u></u>	<u><u>\$ 121,220</u></u>	<u><u>\$ 8,650,412</u></u>

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncements

During fiscal year 2023, the District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangement (SBITA)*, that establishes that a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This standard requires governmental entities to record a subscription

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

liability and an intangible right-to-use subscription asset for those contracts for the subscription term. This standard does not have a material effect on the financial statements of the District.

Reclassifications

Certain amounts from 2022 have been reclassified to conform to the 2023 financial statement presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

South Conejos School District RE-10 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2023.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget if applicable.

Stewardship

Expenditures in the following funds exceeded appropriations by the following amounts during fiscal year 2023:

Food Service Fund	\$ 2,618
Pupil Activity Fund	1,393

This may be a violation of Colorado Revised State Statutes 22-44-115(1).

The District reported a negative fund balance of \$4,532 in the Food Service Fund at the end of fiscal year 2023.

This may be a violation of Colorado Revised State Statutes 22-44-105.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks	\$ 2,587,673
Cash with County Treasurer	35,811
Investments	
ColoTrust	5,260,261
Money Market- Zion's Bank	<u>1,044,823</u>
Total cash, deposits, and investments on the Statement of Net Position	<u><u>\$ 8,928,568</u></u>

Cash and Deposits

Colorado State Statutes govern the District’s deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$2,214,322 of the District’s bank balance of \$2,646,473 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned 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 the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com. The total COLOTRUST investment was valued at \$5,260,261 at June 30, 2023.

Interest Rate Risk - 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.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2023, the District had an estimated property tax receivable of \$93,818.

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2023, the District had \$352,501 due from Federal, State, and Local governments, reflected as Due from Other Governments in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables/Payables

Due to/from other funds are recorded at the fund level and are eliminated, where possible. Amounts are a result of pooled cash transactions. At the fund level at June 30, 2023, interfund payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental Designated Purpose Grants Fund	\$ 31,788
Total		\$ 31,788

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 55,000
Total		\$ 55,000

This transfer was made from the General Fund to supplement the Food Service Fund.

NOTE 7 CAPITAL ASSETS

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

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 45,124	\$ -	\$ -	\$ 45,124
Total capital assets not being depreciated	45,124	-	-	45,124
Capital assets being depreciated				
Land Improvements	350,349	-	-	350,349
Buildings and Improvements	19,967,720	-	-	19,967,720
Equipment	36,475	29,511	-	65,986
Vehicles	639,746	67,999	-	707,745
Total capital assets being depreciated	20,994,290	97,510	-	21,091,800
Less: Accumulated Depreciation for				
Land Improvements	(76,957)	(14,340)	-	(91,297)
Buildings and Improvements	(2,956,080)	(396,422)	-	(3,352,502)
Equipment	(23,422)	(7,428)	-	(30,850)
Vehicles	(330,206)	(46,466)	-	(376,672)
Total accumulated depreciation	(3,386,665)	(464,656)	-	(3,851,321)
Total Capital Assets being depreciated, net	17,607,625	(367,146)	-	17,240,479
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 17,652,749	\$ (367,146)	\$ -	\$ 17,285,603

SOUTH CONEJOS SCHOOL DISTRICT RE-10
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Instructional Program	\$ 393,318
Student Support Services	17,603
Operation and Maintenance of Plant Services	1,580
Student Transportation Services	50,742
Central Supporting Services	<u>1,413</u>
Total depreciation expense – governmental activities	<u><u>\$ 464,656</u></u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$353,455.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2023, were as follows:

	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Due within</u> <u>one year</u>
Governmental Activities					
General Obligation Bonds	\$ 3,800,973	\$ -	\$ (250,250)	\$ 3,550,723	\$ 260,730
Compensated Absences	31,341	3,184	-	34,525	2,850
Total	<u>\$ 3,832,314</u>	<u>\$ 3,184</u>	<u>\$ (250,250)</u>	<u>\$ 3,585,248</u>	<u>\$ 263,580</u>

General Obligation Bonds

In 2014, the District issued \$5,477,745 of general obligation bonds that were used for an escrow match to build the PK-12 school replacement. The district was awarded a Building Excellent Schools Today (BEST) financed-purchase grant requiring the escrow match. Principal is due annually on December 1, and interest at a rate of 4.18% is due semiannually on June 1, and December 1. Payments are made through the Bond Redemption Fund.

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The annual debt service for the general obligation bonds are as follows:

	Principal	Interest	Total
FY 2024	\$ 260,730	\$ 143,238	\$ 403,968
FY 2025	271,649	132,091	403,740
FY 2026	283,025	120,476	403,501
FY 2027	294,878	108,376	403,254
FY 2028	307,226	95,768	402,994
FY 2029-2033	1,740,244	270,455	2,010,699
FY 2034	392,971	8,228	401,199
	\$3,550,723	\$ 878,633	\$4,429,356

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of June 30, 2023. Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer Contribution Rate	11.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$461,878, for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. §24-51-414, the State is required to contribute \$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

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SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public School Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the District reported a liability of \$4,768,818 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

South Conejos School District's proportionate share of the net pension liability	\$ 4,768,818
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the South Conejos School District	1,389,681
	\$ 6,158,499

At December 31, 2022, the District's proportion was 0.026%, which was a decrease of 0.002% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$35,564 and revenue of \$118,505 for support from the State as a nonemployer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 45,132	\$ -
Changes of assumptions or other inputs	84,471	-
Net difference between projected and actual earnings on pension plan investments	640,628	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	140,093	464,288
Contributions subsequent to the measurement date	242,595	-
Total	\$ 1,152,919	\$ 464,288

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\$242,595 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$ (87,352)
2024	(45,336)
2025	206,100
2026	372,625
2027	-
Thereafter	-

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

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

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

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- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessment. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- 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 assessment. 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 nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 6,240,743	\$ 4,768,818	\$ 3,539,611

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient’s eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure

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

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credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent 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 \$23,116 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$162,336 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 proportion was 0.020%, which was an increase of 0.002% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023 the District recognized OPEB expense of (\$27,032). 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	\$ 21	\$ 39,258
Changes of assumptions or other inputs	2,609	17,917
Net difference between projected and actual earnings on OPEB plan investments	9,915	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,227	5,556
Contributions subsequent to the measurement date	12,142	-
Total	<u>\$ 40,914</u>	<u>\$ 62,731</u>

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\$12,142 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ (16,895)
2024	(13,297)
2025	(3,912)
2026	1,775
2027	(1,357)
Thereafter	(271)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans	6.50% in 2022 gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

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Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

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

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

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

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

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

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

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

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

Mortality assumptions used in the December 31, 2021 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed 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 percent 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 percent of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

- Per capita health care costs in effect as of December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

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

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

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	\$ 157,741	\$ 162,336	\$ 167,336

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 year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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June 30, 2023

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 188,196	\$ 162,336	\$ 140,218

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

NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, 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 Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2023 program members contributed \$55,798 for the Voluntary Investment Program.

NOTE 13 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,

SOUTH CONEJOS SCHOOL DISTRICT RE-10
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June 30, 2023

- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2023. Complete separate financial statements may be obtained from BOCES.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Litigation

The District is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

NOTE 15 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996 voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1996, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

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The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 16 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

NOTE 17 SPECIAL ITEM

The District filed a lawsuit against the contractor, architects, and others involved in constructing the K-12 grade school facility built several years ago. The lawsuit is ongoing, and the District has received a partial settlement in fiscal year 2023. The District was awarded \$3,200,515. This amount is included as a special item in the General Fund financial statements and in the government-wide statement of activities. The settlement pay will be utilized to pay a Construction Consultant and attorney fees, and fix defects in the roof system and concrete.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 862,077	\$ 1,113,530	\$ 1,104,665	\$ (8,865)
Intermediate Sources	11	11	10	(1)
State Sources	3,186,228	2,969,139	2,878,556	(90,583)
Federal Sources	1,608,392	1,156,697	613,044	(543,653)
TOTAL REVENUES	<u>5,656,709</u>	<u>5,239,377</u>	<u>4,596,275</u>	<u>(643,102)</u>
EXPENDITURES				
Instructional Program	2,385,640	2,163,431	2,271,501	(108,070)
Student Supporting Services	1,756,219	1,598,013	535,894	1,062,119
Instructional Staff Supporting Services	49,689	23,161	43,018	(19,857)
General Administration Supporting Services	480,402	359,107	412,156	(53,049)
School Administration Supporting Services	131,000	131,000	140,092	(9,092)
Business Supporting Services	13,060	14,192	10,817	3,375
Operations and Maintenance of Plant Services	353,199	412,003	398,271	13,732
Student Transportation Services	93,500	141,500	122,664	18,836
Central Supporting Services	231,500	231,500	173,889	57,611
Food Service	-	-	-	-
Other Supporting Services	19,500	20,490	19,580	910
Facilities Acquisition and Construction Services	-	3,001,490	2,500	2,998,990
Capital Outlay	83,000	83,990	94,619	(10,629)
Reserves	-	-	-	-
TOTAL EXPENDITURES	<u>5,596,709</u>	<u>8,179,877</u>	<u>4,225,001</u>	<u>3,954,876</u>
Excess (deficiency) of revenues over expenditures	60,000	(2,940,500)	371,274	3,311,774
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(60,000)	(60,000)	(55,000)	5,000
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(55,000)</u>	<u>5,000</u>
SPECIAL ITEM (NOTE 17)				
Settlement Revenue	-	3,000,500	3,200,515	200,015
Net Change in Fund Balance	-	-	3,516,789	3,516,789
Fund Balance, Beginning of Year	<u>3,175,391</u>	<u>3,936,929</u>	<u>3,936,929</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,175,391</u>	<u>\$ 3,936,929</u>	<u>\$ 7,453,718</u>	<u>\$ 3,516,789</u>

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0261887%	0.0280649%	0.0317150%	0.0277719%	0.0287751%	0.0348435%	0.0377332%	0.0391961%	0.0423293%	0.0432667%
District's proportionate share of the net pension liability (asset)	\$ 4,768,818	\$ 3,266,021	\$ 4,794,673	\$ 4,149,067	\$ 5,095,227	\$ 11,267,136	\$ 11,234,627	\$ 5,994,764	\$ 5,737,038	\$ 5,518,655
State's proportionate share of the net pension liability (asset) associated with the District	1,389,681	374,408	-	526,256	696,702	-	-	-	-	-
Total	\$ 6,158,499	\$ 3,640,429	\$ 4,794,673	\$ 4,675,323	\$ 5,791,929	\$ 11,267,136	\$ 11,234,627	\$ 5,994,764	\$ 5,737,038	\$ 5,518,655
District's covered payroll	\$ 2,076,229	\$ 1,752,780	\$ 1,696,480	\$ 1,632,144	\$ 1,517,283	\$ 1,607,291	\$ 1,693,533	\$ 1,708,157	\$ 1,773,292	\$ 1,744,216
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	230%	186%	283%	254%	336%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 461,878	\$ 365,392	\$ 347,995	\$ 322,603	\$ 297,133	\$ 290,726	\$ 308,541	\$ 301,153	\$ 290,878	\$ 286,878
Contributions in relation to the contractually required contribution	(461,878)	(365,392)	(347,995)	(322,603)	(297,133)	(290,726)	(308,541)	(301,153)	(290,878)	(286,878)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,266,322	\$ 1,837,987	\$ 1,750,476	\$ 1,669,516	\$ 1,553,233	\$ 1,543,005	\$ 1,678,342	\$ 1,697,751	\$ 1,722,369	\$ 1,792,860
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.32%	19.13%	18.84%	18.38%	17.74%	16.89%	16.00%

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTHCARE TRUST FUND

For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0198824734%	0.0183242736%	0.0183453543%	0.0181519117%	0.0187039927%	0.0197979648%	0.0214479993%
District's proportionate share of the net OPEB liability (asset)	\$ 162,336	\$ 158,011	\$ 174,322	\$ 204,027	\$ 254,476	\$ 257,367	\$ 278,081
District's covered payroll	\$ 2,076,229	\$ 1,837,987	\$ 1,750,476	\$ 1,632,144	\$ 1,517,283	\$ 1,607,291	\$ 1,693,533
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8%	9%	10%	13%	17%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	20.00%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**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 presents information for those years for which information is available.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND

For the Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 23,116	\$ 18,747	\$ 17,855	\$ 17,977	\$ 15,843	\$ 15,739	\$ 17,119	\$ 17,317	\$ 17,568
Contributions in relation to the contractually required contribution	(23,116)	(18,747)	(17,855)	(17,977)	(15,843)	(15,739)	(17,119)	(17,317)	(17,568)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,266,322	\$ 1,837,987	\$ 1,750,476	\$ 1,669,516	\$ 1,553,233	\$ 1,543,005	\$ 1,678,342	\$ 1,697,751	\$ 1,722,353
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.08%	1.02%	1.02%	1.02%	1.02%	1.02%

**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 presents information for those years for which information is available.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2023

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2022

- Required contribution increased from 10.50% to 11.00% for eligible employees.

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- AI cap decreased from 1.25% to 1.00%

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.78%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2023

- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2022

- The Medicare Part A premium increased from \$471 to \$499 per month.
- 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.
- Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability.

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

2020

- Initial per capita health care costs for those 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 benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2023

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- Initial per capita health care costs for those 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 benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

SUPPLEMENTARY INFORMATION

The combining and individual fund financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Governmental Designated Purpose Fund – This fund is used to record financial transactions for grants received for designated programs funded by federal, state, or local grantors.

Food Service Fund – This fund is used to account for the operations of the school breakfast and lunch programs. Revenues are derived from federal and state food service grants, District contributions, and student and adult charges.

Pupil Activity Fund – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	SPECIAL REVENUE			
	FUNDS			
	GOVERNMENTAL			
	FOOD	DESIGNATED	PUPIL ACTIVITY	TOTAL
	SERVICE	PURPOSE	FUND	NONMAJOR
	FUND	FUND	FUND	GOVERNMENTAL
ASSETS				
Cash and Cash Equivalents	\$ 3,056	\$ -	\$ 91,404	\$ 94,460
Investments	-	-	34,348	34,348
Due from Other Governments	14,366	56,036	-	70,402
Grant Receivable	-	-	-	-
Inventory	1,841	-	-	1,841
TOTAL ASSETS	\$ 19,263	\$ 56,036	\$ 125,752	\$ 201,051
LIABILITIES				
Accounts Payable	-	-	-	-
Due to Other Funds	-	31,788	-	31,788
Accrued Salaries and Benefits	23,167	20,082	-	43,249
Unearned Grant Revenue	628	4,166	-	4,794
TOTAL LIABILITIES	23,795	56,036	-	79,831
FUND BALANCE				
Nonspendable	1,841	-	-	1,841
Committed	-	-	125,752	125,752
Unassigned	(6,373)	-	-	(6,373)
TOTAL FUND BALANCE	(4,532)	-	125,752	121,220
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,263	\$ 56,036	\$ 125,752	\$ 201,051

**SOUTH CONEJOS SCHOOL DISTRICT RE-10
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	SPECIAL REVENUE			
	FUNDS			
	GOVERNMENTAL			
	FOOD SERVICE FUND	DESIGNATED PURPOSE FUND	PUPIL ACTIVITY FUND	TOTAL NONMAJOR GOVERNMENTAL
REVENUES				
Local Sources	\$ 9,386	\$ -	\$ 35,137	\$ 44,523
State Sources	2,038	-	-	2,038
Federal Sources	116,204	197,954	-	314,158
TOTAL REVENUES	127,628	197,954	35,137	360,719
EXPENDITURES				
Instructional Program	-	153,465	31,393	184,858
Student Supporting Services	-	12,150	-	12,150
Instructional Staff Supporting Services	-	24,287	-	24,287
General Administrative Supporting Services	-	8,052	-	8,052
Food Services	204,592	-	-	204,592
TOTAL EXPENDITURES	204,592	197,954	31,393	433,939
Excess (deficiency) of revenues over expenditures	(76,964)	-	3,744	(73,220)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	55,000	-	-	55,000
TOTAL OTHER FINANCING SOURCES (USES)	55,000	-	-	55,000
Excess (deficiency) of revenues over expenditures and other sources (uses)	(21,964)	-	3,744	(18,220)
Fund Balance, Beginning of Year	17,432	-	122,008	139,440
Fund Balance, End of Year	\$ (4,532)	\$ -	\$ 125,752	\$ 121,220

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 15,590	\$ 13,590	\$ 9,386	\$ (4,204)
State Sources	1,000	1,000	2,038	1,038
Federal Sources	121,224	127,384	116,204	(11,180)
TOTAL REVENUES	<u>137,814</u>	<u>141,974</u>	<u>127,628</u>	<u>14,346</u>
EXPENDITURES				
Food Service	<u>197,814</u>	<u>201,974</u>	<u>204,592</u>	<u>(2,618)</u>
TOTAL EXPENDITURES	<u>197,814</u>	<u>201,974</u>	<u>204,592</u>	<u>(2,618)</u>
Excess (deficiency) of revenues over expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>(76,964)</u>	<u>16,964</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>60,000</u>	<u>60,000</u>	<u>55,000</u>	<u>5,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>60,000</u>	<u>55,000</u>	<u>5,000</u>
Net Change in Fund Balance	-	-	(21,964)	(21,964)
Fund Balance, Beginning of Year	<u>5,931</u>	<u>17,432</u>	<u>17,432</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 5,931</u></u>	<u><u>\$ 17,432</u></u>	<u><u>\$ (4,532)</u></u>	<u><u>\$ (21,964)</u></u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 350,715	\$ 225,514	\$ 197,954	\$ (27,560)
TOTAL REVENUES	<u>350,715</u>	<u>225,514</u>	<u>197,954</u>	<u>(27,560)</u>
EXPENDITURES				
Instructional Program	157,547	160,526	153,465	7,061
Student Support Services	53,971	20,371	12,150	8,221
Instructional Support Services	118,397	36,212	24,287	11,925
General Administration Support Services	20,800	8,905	8,052	853
TOTAL EXPENDITURES	<u>350,715</u>	<u>226,014</u>	<u>197,954</u>	<u>28,060</u>
Excess (deficiency) of revenues over expenditures	-	(500)	-	500
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	500	-	500
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 30,000	\$ 30,000	\$ 35,137	\$ 5,137
TOTAL REVENUES	<u>30,000</u>	<u>30,000</u>	<u>35,137</u>	<u>5,137</u>
EXPENDITURES				
Instructional Program	<u>30,000</u>	<u>30,000</u>	<u>31,393</u>	<u>(1,393)</u>
TOTAL EXPENDITURES	<u>30,000</u>	<u>30,000</u>	<u>31,393</u>	<u>(1,393)</u>
Net Change in Fund Balance	-	-	3,744	3,744
Fund Balance, Beginning of Year	<u>119,273</u>	<u>122,008</u>	<u>122,008</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 119,273</u>	<u>\$ 122,008</u>	<u>\$ 125,752</u>	<u>\$ 3,744</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 507,822	\$ 507,822	\$ 588,227	\$ 80,405
TOTAL REVENUES	<u>507,822</u>	<u>507,822</u>	<u>588,227</u>	<u>80,405</u>
EXPENDITURES				
General Administration Support Services	-	-	-	-
Debt Service	507,822	507,822	404,938	102,884
TOTAL EXPENDITURES	<u>507,822</u>	<u>507,822</u>	<u>404,938</u>	<u>102,884</u>
Net Change in Fund Balance	-	-	183,289	183,289
Fund Balance, Beginning of Year	<u>774,100</u>	<u>892,185</u>	<u>892,185</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 774,100</u></u>	<u><u>\$ 892,185</u></u>	<u><u>\$ 1,075,474</u></u>	<u><u>\$ 183,289</u></u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10

SINGLE AUDIT SECTION

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 22,251
National School Lunch Program	10.555	Colorado Department of Education, 4555/6555	86,971
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	1,951
Fresh Fruit & Vegetable Program	10.582	Colorado Department of Education, 4582	5,031
<i>Total Child Nutrition Cluster</i>			116,204
<i>Forest Service Schools and Roads Cluster</i>			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Conejos County Treasurer, 7665	23,799
<i>Total Forest Service Schools and Roads Cluster</i>			23,799
<i>Total All Clusters</i>			140,003
<i>Other Programs</i>			
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	147,759
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323	21,347
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	18,414
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4420	37,614
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/9414	529,023
COVID-19 Education Stabilization Fund	84.425W	Colorado Department of Education, 8426	1,261
Rural Education	84.358	Colorado Department of Education, 6358	7,736
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	24,045
<i>Total Other Programs</i>			787,199
<i>Total Expenditures of Federal Awards</i>			\$ 927,202

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. South Conejos School District RE-10 did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2023. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of South Conejos School District RE-10 under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Conejos School District RE-10, it is not intended to and does not present the financial position or changes in net position of South Conejos School District RE-10.

NOTE 3: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

**INDEPENDENT AUDITORS' 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**



Wall,
Smith,
Bateman Inc.

To the Board of Education
South Conejos School District RE-10
Antonito, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Conejos School District RE-10 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 07, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

Wall, Smith, Bateman Inc

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 07, 2023

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



Wall,
Smith,
Bateman Inc.

To the Board of Education
South Conejos School District RE-10
Antonito, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Conejos School District RE-10's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of 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 auditors' results section of the accompanying schedule of findings and questioned costs.

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.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Wall, Smith, Bateman Inc

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 07, 2023

**SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported
- Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes X no

Identification of major programs:

<u>Federal Assistance Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 Education Stabilization Fund
84.425U	COVID-19 Education Stabilization Fund
84.425W	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? X yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

SOUTH CONEJOS SCHOOL DISTRICT RE-10

CDE COMPLIANCE SECTION



Colorado Department of Education

Auditors Integrity Report

District: 0580 - South Conejos RE-10

Fiscal Year 2022-23

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	3,936,928	7,741,793	4,225,004	7,453,717
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	3,936,928	7,741,793	4,225,004	7,453,717
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	17,432	182,627	204,591	-4,532
22 Govt Designated-Purpose Grants Fund	0	197,954	197,953	0
23 Pupil Activity Special Revenue Fund	122,009	35,137	31,394	125,752
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	892,186	588,227	404,938	1,075,475
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	4,968,554	8,745,738	5,063,880	8,650,411
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
72 Agency Fund	0	0	0	0