

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2024

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
TABLE OF CONTENTS
JUNE 30, 2024**

	PAGE
INDEPENDENT AUDITORS' REPORT	<i>iii</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS	<i>vi</i>
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet—Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	6
Notes to the Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Employer's Proportionate Share of the Net Pension Liability	40
Schedule of the Employer's Payroll Contributions - Pension	41
Schedule of the Employer's Proportionate Share of the Net OPEB Liability	42
Schedule of the Employer's Payroll Contributions - OPEB	43
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual—General Fund	44
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
<i>Capital Reserve Fund:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	45
<i>Non-major Governmental Funds:</i>	
Combining Balance Sheet	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	47

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
TABLE OF CONTENTS
JUNE 30, 2024

	PAGE
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)	
<i>Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual</i>	
Food Service Fund	48
Pupil Activity Fund	49
FEDERAL COMPLIANCE	
Schedule of Expenditures of Federal Awards	50
Notes to the Schedule of Expenditures of Federal Awards	51
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	52
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	54
Schedule of Findings and Questioned Costs	57
Summary Schedule of Prior Audit Findings	59
STATE COMPLIANCE	
Independent Auditors’ Report on Colorado School District/BOCES Auditors’ Integrity Report	60
Colorado School District/BOCES Auditors’ Integrity Report	61



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Crowley County School District RE-1-J

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crowley County School District RE-1-J, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Crowley County School District RE-1-J'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 Crowley County School District RE-1-J, as of June 30, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Crowley County School District RE-1-J 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 Crowley County School District RE-1-J's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

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 Crowley County School District RE-1-J'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 Crowley County School District RE-1-J'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 and required supplementary 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 Crowley County School District RE-1-J's basic financial statements. The accompanying

combining and individual fund statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules 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 February 5, 2025 on our consideration of the Crowley County School District RE-1-J'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 Crowley County School District RE-1-J'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 Crowley County School District RE-1-J's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
February 5, 2025

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Management of Crowley County School District RE-1J offers readers the narrative and analysis of the financial activities of the District for the fiscal year ending June 30, 2024. The focus of the information is on the primary government (general) fund.

The District has implemented the financial reporting model established by the Government Accounting Standards Board (GASB). In line with GASB Statement No. 34, titled Basic Financial Statement and Management Discussion and Analysis for State and Local Governments, the District has provided comparisons between the current year and the previous year to offer comparative information.

Financial Highlights

- In governmental activities, The District's assets and flows exceeded its liabilities and flows at the close of the fiscal year of \$3,408,938. GASB Statement No. 67 and 68 affects the financial statements of all Colorado Public Employee Retirement Association (PERA)-affiliated employers. In these statements, PERA-affiliated employers are required to state their employee's retirement liability which was \$7,988,222 for the District as of June 30, 2024. Without the PERA liability, our assets would have exceeded its liabilities by \$9,496,710.
- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$5,860,594 which was an increase of \$670,642 from the previous year.
- The District's long-term debt obligation has decreased over the past few fiscal years. The final note for the matching portion of the Building Excellent Schools Today (BEST) grant matured in August 2023.

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the district's basic financial statements. A comparison to the prior year's activity is normally provided in this document. The Crowley County School District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The financial statements provided are designed to provide readers with information about the School District using accounting methods similar to those used by the private sector.

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

The statement of activities presents the current fiscal year revenues and expenses to show how the net position of the district changed during the year. In the statement of activities, changes in net position are recorded when the event occurs. This could mean that information may be reported for revenues and expenditures that will result in cash flow differences in future fiscal years.

Governmental activities:

Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration, food service and pupil activities. Property taxes and state equalization revenue finances most of these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has one type of fund: governmental funds.

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Governmental Funds

Most of the District’s basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District’s operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

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

Financial Analysis of the District as a Whole

Of the District’s \$10,609,118 in assets approximately 34 percent (or \$3,594,289) was reflected as investments in capital assets (including land, sites, buildings, vehicles, infrastructure, and machinery/equipment).

Below, is the first table which reflects the changes in the net position for the district.

Condensed Statement of Net Position

	Governmental Activities 2022-2023	Governmental Activities 2023-2024
Current and Other Assets	\$ 5,895,144	\$ 6,968,128
Capital Assets	3,943,224	3,640,990
Total Assets	<u>9,838,368</u>	<u>10,609,118</u>
Deferred Outflow of Resources	1,541,912	2,033,709
Current Liabilities	638,882	941,928
Long-Term Liabilities	7,001,215	8,158,702
Total Liabilities	<u>7,640,097</u>	<u>9,100,630</u>
Deferred Inflow of Resources	363,312	133,259
Net Investment in Capital Assets	3,923,837	3,594,289
Restricted for:		
Tabor Reserve	181,000	200,000
Food Service	237,232	-
Unrestricted	(965,208)	(385,351)
Total Net Position	<u>\$ 3,376,861</u>	<u>\$ 3,408,938</u>

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

In November 2017, the district received a voter-approved mill levy override for 6 mills, with a sunset of ten years. This has helped with the district's costs to purchase textbooks, vehicles, technology, equipment and to maintain a competitive salary structure. Even with the mill levy override, the District continues to try and manage costs in the areas of instruction for students. The District has undergone major student enrollment declines over the past budget years. The following charts illustrate the impact on revenue and expenses during the two recent fiscal years.

Condensed Statement of Activities

	Governmental Activities 2022-2023	Governmental Activities 2023-2024
Program Revenues:		
Charges for Services	\$175,187	\$159,344
Operating Grants and Contributions	2,655,007	2,549,190
Capital Grants and Contributions	-	-
Total Program Revenues	2,830,194	2,708,534
General Revenues:		
Taxes	1,548,996	1,547,160
State Equalization	3,453,034	3,688,428
Earnings on Investments	33,974	69,066
Insurance Proceeds	69,945	-
Other Revenues	75,369	32,600
Total General Revenues	5,181,318	5,337,254
Total Revenues	8,011,512	8,045,788
Expenses:		
Instructional Staff	4,155,199	3,944,605
Supporting Services:	2,935,516	3,652,124
Food Services	379,932	413,968
Interest and Fiscal Charges	151	3,014
Total Expenses	7,470,798	8,013,711
Change in Net Position	540,714	32,077
Beginning Net Position	2,836,147	3,376,861
Prior Period Correction	-	-
Net Position - Ending	\$ 3,376,861	\$ 3,408,938

Governmental Activities by Major Function

	2022-2023		2023-2024	
	Total Cost of Service	Net (Cost) Revenue of Service	Total Cost of Service	Net (Cost) Revenue of Service
Instructional Services	\$ 4,155,199	\$ (1,892,799)	\$ 3,944,605	\$ (2,125,542)
Supporting Services	\$ 2,935,516	\$ (2,697,091)	\$ 3,652,124	\$ (3,221,268)
Food Service	\$ 379,932	\$ (50,563)	\$ 413,968	\$ 44,647
Interest and Fiscal Charges	\$ 151	\$ (151)	\$ 3,014	\$ (3,014)
Total	\$ 7,470,798	\$ (4,640,604)	\$ 8,013,711	\$ (5,305,177)

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

In the two previous tables, some of the more significant changes are illustrated as:

- The cost of instructional and supporting services this year was \$8,010,697, which is an increase of \$540,050. This is mainly due to the COVID-19 federal grant fundings received and therefore expenses must be made within certain timeframes.
- Some of the costs of the District are financed by users of district facilities and programs and that amounted to \$159,344.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2,549,190. All the Title programs are funded from the federal level administered by the State as well as the COVID-19 grant funds as described above.
- Most of the District's costs, however, are financed by the District and State taxpayers. This portion of governmental activities was financed with \$3,688,428 State Equalization revenue from the School Finance Act (1994). The local share (property tax and mill levy override) of funding was \$1,547,160.

Financial Analysis of the District's Funds

The District's budget is prepared according to Colorado law and it's based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

- The District strives for a balanced budget while adapting to demographic changes. We aim to utilize staff efficiently, minimize service duplication, and maintain a quality, academically enriched environment for students.
- The District must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). On June 30, 2024, the districts tabor reserve was set at \$200,000.

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

- Starting in the 2008-2009 school year and beyond the district has embarked on a series of positive facility upgrades and improvements. Chief among these are:
 - 1) New windows for the high school and elementary, replacing windows that were at least twenty-five to fifty years old.
 - 2) Ongoing efforts to renovate the interior lighting for all classrooms in the district.
 - 3) An ambitious asbestos removal project to insure that our facilities are safe for staff and students.
 - 4) District-wide security enhancements.
 - 5) Addition of lighting and concession/restroom facilities to the Crowley County Baseball fields in cooperation with Crowley County
 - 6) Re-roof projects over the Elementary and High School.
 - 7) Exterior lighting upgrade around all buildings and major parking areas.
 - 8) New hardwood gym floors (Main gym and Ward).
 - 9) New security cameras and system.
 - 10) Updated phone system.
 - 11) New 48 passenger bus, 14 passenger (2) buses, and 12 passenger (2) vans.
 - 12) Rekeyed all exterior doors and updated security access systems.
 - 13) Renovations at the Jr/Sr High School to the student lounge, staff lounge bathrooms, and main offices. (Principal, Assistant Principal, and Building Secretary), Elementary bathrooms, new flooring in the cafeteria and surrounding hallways, and remodeled the concession stand at the main gym.
 - 14) Updated Technology hardware with an enhanced cloud-based back-up system.

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$3,640,990

Governmental Activities	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Land and Sites	\$ 135,474	\$ -	\$ -	\$ 135,474
Total Assets Not Being Depreciated:	135,474	-	-	135,474
Capital Assets Being Depreciated				-
Buildings and Site Improvements	9,376,180	-	(37,556)	9,338,624
Equipment and Vehicles	1,731,583	19,171	-	1,750,754
Food Service Equipment	209,042	-	-	209,042
Construction In Progress	-	-	-	-
Total Capital Assets Being Depreciated	11,316,805	19,171	(37,556)	11,298,420
Less Accumulated Depreciation for:				
Buildings and Site Improvements	(6,220,698)	(230,891)	17,903	(6,433,686)
Equipment and Vehicles	(1,165,291)	(102,598)	-	(1,267,889)
Food Service Equipment	(123,066)	(10,911)	-	(133,977)
Total Accumulated Depreciation	(7,509,055)	(344,400)	17,903	(7,835,552)
Total Capital Assets Being Depreciated, Net	3,807,750	(325,229)	(19,653)	3,462,868
Lease Assets Being Amortized:				
Equipment	-	51,178	-	51,178
Total Lease Assets Being Amortized	-	51,178	-	51,178
Less Accumulated Amortization for:				
Equipment	-	(8,530)	-	(8,530)
Total Accumulated Amortization	-	(8,530)	-	(8,530)
Total Lease Assets Being Amortized, Net	-	42,648	-	42,648
Capital Assets, Net of Accumulated Depreciation/Amortization	3,807,750	(282,581)	(19,653)	3,505,516
Total Governmental Activities Capital Assets	3,943,224	(282,581)	(19,653)	3,640,990

At the end of the fiscal year (June 30, 2024) the District had the following schedule in long-term obligations:

	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
<i>Governmental Activities</i>					
Note Payable	\$ 19,387	\$ -	\$ (19,387)	\$ -	\$ -
Leases	-	51,178	(4,477)	46,701	9,725
Compensated Absences	105,590	18,189	-	123,779	-
Net Pension Liability	6,751,913	1,515,472	(467,499)	7,799,886	-
Net OPED Liability	229,925	23,531	(65,120)	188,336	-
<i>Total Governmental Activities</i>	\$ 7,106,815	\$ 1,608,370	\$(556,483)	\$ 8,158,702	\$ 9,725

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Economic Factors Bearing on the District's Future

The factors that will affect next year's budget are the same items that have impacted Crowley County School District for the past fiscal years: aging buildings, declining student enrollment, special education costs, increased transportation costs and increased state and federal mandates.

The largest impact to the school district remains declining student enrollment. This is a problem that impacts all surrounding school districts and is not indigenous to Crowley County alone. In 1996 Crowley County School District had a fall student count of 642 students, 2007 the count was 548, 2017 the count was 468 and in 2023 the fall count was 347. The years have seen a steady decline in the number of students. Many of our fixed costs remain the same or escalate and with the declining student enrollment, it makes budgeting and allocations even more challenging.

One item that affects the district is the rising number of special education students. We have had an increase in therapeutic foster homes in the county. Many of these placements require specialized assistance from the district with no resulting funds that follow those requirements. Several of these placements need services for emotionally disturbed youth and require intense one on one service. We have been able to handle the special transportation and rearrange our busing schedules to accommodate this.

The cost of transporting our students is economically straining the district. At this time, over fifty percent of our students are eligible for transportation services. The increased costs of fuel, salaries, and equipment make this a problem for the district. The state transportation revenue has not kept pace with costs the district faces in meeting this expense.

The District has not been able to pass any bond issues to help in repairing and renovating the aging buildings. All of the major renovations have been paid by outside foundations and grants obtained by the district or with the district's own capital project funds. The need for a debt service bond issue is severe to help alleviate the continued drain on program area development to finance the needed improvements to facilities. The assessed valuation of the Crowley County School District could never meet the bonding capacity to construct a modernized school. The choices at this point are to continue to improve our existing facilities.

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Contacting the District's Financial Management

This financial report was prepared by the District Chief Financial Officer and is designed to provide a general overview of the Crowley County School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Dawn Chavez
Chief Financial Officer
Crowley County School District RE-1J
1001 Main Street
Ordway, CO 81063

BASIC FINANCIAL STATEMENTS

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government
	Governmental Activities
ASSETS	
Cash and investments	\$ 6,470,295
Cash with county treasurer	107,092
Taxes receivable	188,224
Grants receivable	194,794
Inventories and prepaid items	7,723
Capital assets, not being depreciated	135,474
Capital assets being depreciated	3,505,516
	10,609,118
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	1,985,022
Deferred OPEB outflows	48,687
	2,033,709
LIABILITIES	
Accounts payable and other current liabilities	168,268
Accrued salaries and benefits	467,477
Unearned revenue	306,183
Long-term liabilities:	
Due within on year	9,725
Due in more than one year	160,755
Net pension liability	7,799,886
Net OPEB liability	188,336
	9,100,630
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	59,072
Deferred OPEB inflows	74,187
	133,259
NET POSITION	
Net investment in capital assets	3,594,289
Restricted for:	
Emergency reserve (TABOR)	200,000
Unrestricted	(385,351)
	\$ 3,408,938

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

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

<u>Functions/Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
			Governmental Activities	
Governmental activities:				
Instruction	\$ 3,944,605	\$ 133,185	\$ 1,685,878	\$ -
Supporting services	3,652,124	-	430,856	-
Food service operations	413,968	26,159	432,456	-
Interest and fiscal charges	3,014	-	-	-
Total	<u>\$ 8,013,711</u>	<u>\$ 159,344</u>	<u>\$ 2,549,190</u>	<u>\$ -</u>
General revenues:				
Property taxes				1,393,802
Specific ownership taxes				153,358
State equalization				3,688,428
Grants and contributions not restricted to specific programs				5,579
Unrestricted investment earnings				69,066
Miscellaneous				27,021
Total general revenues				<u>5,337,254</u>
Change in net position				32,077
Net position - beginning				<u>3,376,861</u>
Net position - ending				<u>\$ 3,408,938</u>

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

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 5,171,389	\$ 930,215	\$ 368,691	\$ 6,470,295
Cash with fiscal agent	107,092	-	-	107,092
Taxes receivable	188,224	-	-	188,224
Grants receivable	104,091	-	90,703	194,794
Due from other funds	-	-	10,704	10,704
Inventories and prepaid items	-	-	7,723	7,723
Total assets	<u>\$ 5,570,796</u>	<u>\$ 930,215</u>	<u>\$ 477,821</u>	<u>\$ 6,978,832</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 145,233	\$ -	\$ 23,035	\$ 168,268
Accrued salaries and benefits	467,477	-	-	467,477
Due to other funds	10,704	-	-	10,704
Unearned revenue	306,183	-	-	306,183
Total liabilities	<u>929,597</u>	<u>-</u>	<u>23,035</u>	<u>952,632</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	165,606	-	-	165,606
Total deferred inflows of resources	<u>165,606</u>	<u>-</u>	<u>-</u>	<u>165,606</u>
FUND BALANCES				
Nonspendable for:				
Inventories and prepaid items	-	-	7,723	7,723
Restricted for:				
Emergency reserve (TABOR)	200,000	-	-	200,000
Committed for:				
Food service operations	-	-	300,097	300,097
Pupil activities	-	-	146,966	146,966
Assigned for:				
Capital projects	-	930,215	-	930,215
Unassigned	4,275,593	-	-	4,275,593
Total fund balances	<u>4,475,593</u>	<u>930,215</u>	<u>454,786</u>	<u>5,860,594</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,570,796</u>	<u>\$ 930,215</u>	<u>\$ 477,821</u>	<u>\$ 6,978,832</u>

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

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2024

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

Total fund balance - governmental funds	\$	5,860,594
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$	135,474
Capital assets, net of depreciation/amortization	<u>3,505,516</u>	3,640,990
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		
		165,606
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Net pension liabilities	\$	(7,799,886)
Pension outflows		1,985,022
Pension inflows		(59,072)
Net OPEB liabilities		(188,336)
OPEB outflows		48,687
OPEB inflows		(74,187)
Compensated absences		(123,779)
Leases payable		<u>(46,701)</u>
		<u>(6,258,252)</u>
Net position of governmental activities in the statement of net position	\$	<u>3,408,938</u>

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

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources	\$ 1,718,119	\$ 8,780	\$ 161,145	\$ 1,888,044
State sources	4,738,800	-	32,440	4,771,240
Federal sources	989,806	-	400,016	1,389,822
	<u>7,446,725</u>	<u>8,780</u>	<u>593,601</u>	<u>8,049,106</u>
EXPENDITURES				
Instruction	3,350,114	-	121,523	3,471,637
Supporting services	3,416,275	111,797	-	3,528,072
Food service operations	-	-	403,056	403,056
Debt service	26,877	-	-	26,877
	<u>6,793,266</u>	<u>111,797</u>	<u>524,579</u>	<u>7,429,642</u>
Excess (deficiency) of revenues over expenditures	<u>653,459</u>	<u>(103,017)</u>	<u>69,022</u>	<u>619,464</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	200,000	-	200,000
Transfers out	(200,000)	-	-	(200,000)
Other long-term debt proceeds	51,178	-	-	51,178
	<u>(148,822)</u>	<u>200,000</u>	<u>-</u>	<u>51,178</u>
Net change in fund balances	504,637	96,983	69,022	670,642
Fund balances - beginning	<u>3,970,956</u>	<u>833,232</u>	<u>385,764</u>	<u>5,189,952</u>
Fund balances - ending	<u>\$ 4,475,593</u>	<u>\$ 930,215</u>	<u>\$ 454,786</u>	<u>\$ 5,860,594</u>

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

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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

Net change in fund balances - total governmental funds:	\$	670,642
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.		
Capital outlays	\$ 70,349	
Depreciation/amortization expense	<u>(352,930)</u>	(282,581)
In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds.		(19,653)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		(6,296)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal	\$ 23,864	
Proceeds from long term debt	<u>(51,178)</u>	(27,314)
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.		(18,189)
Certain pension and OPEB 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.		
Changes in pension related items	\$ (317,630)	
Changes in OPEB related items	<u>33,098</u>	<u>(284,532)</u>
Change in net position of governmental activities	\$	<u><u>32,077</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Crowley County School District RE-1-J (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The District is organized under the Constitution of the State of Colorado. The legislative power of the School District is vested in the Board of Education, consisting of seven members.

The School District is located in Ordway, Colorado. It has about 350 students in grades K-12.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Based on the application of these criteria, the District does not include additional organizations within its reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Reserve Fund* accounts for the proceeds, construction, and acquisition of capital assets.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intra-scholastic and interscholastic athletic and other related activities.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The 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 to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and prepaid items

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 100 years
Equipment	5 - 20 years
Vehicles	7 - 8 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

Pensions

Crowley County School District RE-1-J 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.

OPEB

Crowley County School District RE-1-J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt 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 are included in this component of net position.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2024 is 25.449 mills for general operating expenses. The District's assessed valuation for the collection year 2024 is \$57,646,688.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

Vacation and Staff Leave—The District's policy permits employees to accumulate earned but unused vacation and staff leave benefits, which are eligible for payment upon separation from employment. The liability for such leave is reported as incurred in the government-wide fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2024 is as follows:

Deposits	\$ 1,460,630
Investments	<u>5,009,665</u>
Total	<u>\$ 6,470,295</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	<u>\$ 6,470,295</u>
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CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District’s deposits at June 30, 2024 was \$1,460,630 and the bank balances were \$1,534,496. Of the bank balances, \$250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies’ securities;
- Certain international agencies’ securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers’ acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

At June 30, 2024 the District’s investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor’s Rating</u>
ColoTrust	\$ 111,317	Net asset value	Less than 90 days	AAAm
Money Market	3,439,512	Amortized cost	Less than 90 days	AAA
Certificate of Deposit	<u>1,458,836</u>	Amortized cost	Up to one year	AAA
	<u>\$ 5,009,665</u>			

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District's investments are in Money Market and Certificate of Deposit accounts. These investments are 68.7% and 29.1%, respectively, of the District's total investments.

Fair value of investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2024, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 10,704
Nonmajor Funds	<u>10,704</u>	<u>-</u>
Total	<u>\$ 10,704</u>	<u>\$ 10,704</u>

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 200,000
Capital Reserve Fund	<u>200,000</u>	<u>-</u>
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 135,474	\$ -	\$ -	\$ 135,474
Total capital assets not being depreciated	<u>135,474</u>	<u>-</u>	<u>-</u>	<u>135,474</u>
Capital assets being depreciated:				
Buildings and site improvements	9,376,180	-	(37,556)	9,338,624
Equipment and vehicles	1,731,583	19,171	-	1,750,754
Food service equipment	<u>209,042</u>	<u>-</u>	<u>-</u>	<u>209,042</u>
Total capital assets being depreciated	<u>11,316,805</u>	<u>19,171</u>	<u>(37,556)</u>	<u>11,298,420</u>
Less accumulated depreciation for:				
Buildings and site improvements	(6,220,698)	(230,891)	17,903	(6,433,686)
Equipment and vehicles	(1,165,291)	(102,598)	-	(1,267,889)
Food service equipment	<u>(123,066)</u>	<u>(10,911)</u>	<u>-</u>	<u>(133,977)</u>
Total accumulated depreciation	<u>(7,509,055)</u>	<u>(344,400)</u>	<u>17,903</u>	<u>(7,835,552)</u>
Total capital assets being depreciated, net	<u>3,807,750</u>	<u>(325,229)</u>	<u>(19,653)</u>	<u>3,462,868</u>
Lease assets being amortized:				
Equipment	-	51,178	-	51,178
Total lease assets being amortized	<u>-</u>	<u>51,178</u>	<u>-</u>	<u>51,178</u>
Less accumulated amortization for:				
Equipment	-	(8,530)	-	(8,530)
Total accumulated amortization	<u>-</u>	<u>(8,530)</u>	<u>-</u>	<u>(8,530)</u>
Total lease assets being amortized, net	<u>-</u>	<u>42,648</u>	<u>-</u>	<u>42,648</u>
Capital assets, net of accumulated depreciation/amortization	<u>3,807,750</u>	<u>(282,581)</u>	<u>(19,653)</u>	<u>3,505,516</u>
Total governmental activities capital assets	<u>\$ 3,943,224</u>	<u>\$ (282,581)</u>	<u>\$ (19,653)</u>	<u>\$ 3,640,990</u>

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$	263,888
Supporting services		78,131
Food service		<u>10,911</u>
Total depreciation/amortization expense	\$	<u>352,930</u>

NOTE 6 – LEASES

District as lessee

The District, as a lessee, has entered into a lease agreement for equipment with a lease term of six years. The total costs of these right-to-use lease assets are recorded as \$51,178, less accumulated amortization of \$8,530. The District has determined that as of June 30, 2024, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2024 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 9,725	\$ 2,335	\$ 12,060
2026	10,211	1,849	12,060
2027	10,722	1,338	12,060
2028	11,258	802	12,060
2029	<u>4,785</u>	<u>239</u>	<u>5,024</u>
Total	<u>\$ 46,701</u>	<u>\$ 6,563</u>	<u>\$ 53,264</u>

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – LONG-TERM LIABILITIES

Note Payable

The District entered into a loan agreement with the First National Bank of Las Animas in the amount of \$175,000. The note will be paid over a ten year period beginning August 21, 2014 at an annual interest rate of 2.35%. This note was obtained for necessary building repairs. The note was paid in full during the 2024 fiscal year.

Changes in Long-Term Liabilities

Changes in the District’s long-term liabilities for the year ended June 30, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One year</u>
<i>Governmental Activities</i>					
Note payable	\$ 19,387	\$ -	\$ (19,387)	\$ -	\$ -
Leases	-	51,178	(4,477)	46,701	9,725
Compensated absences	105,590	18,189	-	123,779	-
Net pension liability	6,751,913	1,515,472	(467,499)	7,799,886	-
Net OPEB liability	<u>229,925</u>	<u>23,531</u>	<u>(65,120)</u>	<u>188,336</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 7,106,815</u>	<u>\$ 1,608,370</u>	<u>\$ (556,483)</u>	<u>\$ 8,158,702</u>	<u>\$ 9,725</u>

The note payable and leases are liquidated in the general fund. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Crowley County School District RE-1-J 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, 2023. 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.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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.

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2024: Eligible employees of, Crowley County School District RE-1-J 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, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
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 Crowley County School District RE-1-J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Crowley County School District RE-1-J were \$616,640 for the year ended June 30, 2024.

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 direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The Crowley County School District RE-1-J proportion of the net pension liability was based on Crowley County School District RE-1-J contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2024, the Crowley County School District RE-1-J reported a liability of \$7,799,886 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 Crowley County School District RE-1-J 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 Crowley County School District RE-1-J were as follows:

Crowley County School District RE-1-J proportionate share of the net pension liability	\$ 7,799,886
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Crowley County School District RE-1-J	171,028
Total	\$ 7,970,914

At December 31, 2023, the Crowley County School District RE-1-J proportion was 0.0441084624%, which was an increase of 0.0070293238% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Crowley County School District RE-1-J recognized pension expense of \$317,630 and revenue of \$16,009 for support from the State as a nonemployer contributing entity. At June 30, 2024, the Crowley County School District RE-1-J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 369,862	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	559,130	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	750,962	59,072
Contributions subsequent to the measurement date	305,068	N/A
Total	<u>\$ 1,985,022</u>	<u>\$ 59,072</u>

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$305,068 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, 2025. 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:	
2025	\$ 433,164
2026	715,040
2027	628,579
2028	(155,901)
2029	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to 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%.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Crowley County School District RE-1-J proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 10,429,745	\$ 7,799,886	\$ 5,606,901

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

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provision Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the Crowley County School District RE-1-J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

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

PERA Benefit Structure

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

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Crowley County School District RE-1-J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Crowley County School District RE-1-J were \$30,862 for the year ended June 30, 2024.

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

At June 30, 2024, the Crowley County School District RE-1-J reported a liability of \$188,336 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The Crowley County School District RE-1-J proportion of the net OPEB liability was based on Crowley County School District RE-1-J contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the Crowley County School District RE-1-J proportion was 0.0263877193%, which was a decrease of 0.0017728414% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Crowley County School District RE-1-J recognized OPEB expense of \$(33,098). At June 30, 2024, the Crowley County School District RE-1-J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 38,601
Changes of assumptions or other inputs	2,215	19,970
Net difference between projected and actual earnings on OPEB plan investments	5,825	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	25,379	15,616
Contributions subsequent to the measurement date	15,268	N/A
Total	\$ 48,687	\$ 74,187

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

\$15,268 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, 2025. 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:	
2025	\$ (19,421)
2026	(8,627)
2027	(670)
2028	(4,848)
2029	(5,224)
Thereafter	(1,978)

Actuarial assumptions. The TOL in the December 31, 2022 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 ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

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	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

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

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2022, 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 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse
- 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.

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.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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%.

Sensitivity of the Crowley County School District RE-1-J proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 182,930	\$ 188,336	\$ 194,216

¹For the January 1, 2024, plan year.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Sensitivity of the Crowley County School District RE-1-J proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 222,448	\$ 188,336	\$ 159,153

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

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provision Since 2022

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

NOTE 10 - 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; workers’ compensation; general liability; unemployment; and employee benefit expenses related to health programs.

The District is provided with property and liability insurance through the Colorado School Districts Self Insurance Pool. The District carries commercial insurance for worker’s compensation and medical coverage. Settled claims resulting from these risks have not exceeded the insurance coverage for each of the past three years.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

The District is a participant with other school districts in a joint venture known as South Central Board of Cooperative Educational Services (Cooperative). The Cooperative is organized under provisions of Colorado law to provide special education services to member school districts in the Cooperative’s general area. The member school districts provide approximately 60% of the Cooperative’s total annual financial resources and each member district appoints a member of its board of education to serve on the governing body of the Cooperative. For the year ended June 30, 2024, the District purchased no services from the Cooperative. Complete financial statements for the Cooperative can be obtained from their administrative office at 323 S. Purcell Boulevard; Pueblo West, CO, 81007.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the District, any such adjustments will not have a material adverse effect on the financial position of the District.

NOTE 13 - TAX, SPENDING, AND DEBT LIMITATIONS

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, including school districts.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2024 there is a \$200,000 reservation of fund balance in the General Fund for 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.

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 7, 1995, the registered voters approved a ballot resolution authorizing Crowley County School District RE-1-J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

NOTE 15 – SUBSEQUENT EVENTS

On September 24, 2024, the District signed a three year Bus Lease in the amount of \$80,166. Payments in the amount of \$26,722 are due annually.

REQUIRED SUPPLEMENTARY INFORMATION

CROWLEY COUNTY SCHOOL DISTRICT RE-1-a)
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0441084624%	0.0371%	0.0374%	0.0405%	0.0380%	0.0397%	0.0441%	0.0464%	0.0488%	0.0509%
District's proportionate share of the net pension liability (asset)	\$ 7,799,886	\$ 6,751,913	\$ 4,358,086	\$ 6,130,013	\$ 5,675,331	\$ 7,024,976	\$ 14,252,929	\$ 13,818,173	\$ 7,466,484	\$ 6,892,973
State's proportionate share of the net pension liability (asset) associated with the District	171,028	1,967,575	499,599	-	719,843	960,570	-	-	-	-
Total	\$ 7,970,914	\$ 8,719,488	\$ 4,857,685	\$ 6,130,013	\$ 6,395,174	\$ 7,985,546	\$ 14,252,929	\$ 13,818,173	\$ 7,466,484	\$ 6,892,973
District's covered payroll	\$ 2,915,968	\$ 2,920,131	\$ 2,579,221	\$ 2,171,224	\$ 2,188,758	\$ 2,239,841	\$ 2,081,209	\$ 2,056,027	\$ 2,105,710	\$ 2,110,101
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	267.49%	231%	169%	282%	259%	313%	685%	672%	355%	327%
Plan fiduciary net position as a percentage of the total pension liability	64.7%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%	62.84%

* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 616,640	\$ 595,123	\$ 512,749	\$ 431,639	\$ 424,181	\$ 428,482	\$ 393,063	\$ 377,851	\$ 373,285	\$ 356,297
Contributions in relation to the contractually required contribution	(616,640)	(595,123)	(512,749)	(431,639)	(424,181)	(428,482)	(393,063)	(377,851)	(373,285)	(356,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,025,712	\$ 2,920,131	\$ 2,579,221	\$ 2,171,224	\$ 2,188,758	\$ 2,239,841	\$ 2,081,209	\$ 2,056,027	\$ 2,105,710	\$ 2,110,101
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.38%	17.73%	16.89%

* The amounts presented for each fiscal year were determined as of 6/30.

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.0263877193%	0.0282%	0.0245%	0.0234%	0.0248%	0.0258%	0.0250%	0.0264%
District's proportionate share of the net OPEB liability (asset)	\$ 188,336	\$ 229,925	\$ 210,846	\$ 222,824	\$ 279,079	\$ 350,855	\$ 325,476	\$ 342,029
District's covered payroll	\$ 2,915,968	\$ 2,920,131	\$ 2,579,221	\$ 2,171,224	\$ 2,188,758	\$ 2,239,841	\$ 2,081,209	\$ 2,056,027
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	6.46%	7.87%	8.17%	10.26%	12.75%	15.66%	15.64%	16.64%
Plan fiduciary net position as a percentage of the total OPEB liability	46.2%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each year were determined as of 12/31.
 * Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 30,862	\$ 29,785	\$ 26,308	\$ 22,146	\$ 22,325	\$ 22,846	\$ 21,228	\$ 20,971
Contributions in relation to the contractually required contribution	(30,862)	(29,785)	(26,308)	(22,146)	(22,325)	(22,846)	(21,228)	(20,971)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,025,712	\$ 2,920,131	\$ 2,579,221	\$ 2,171,224	\$ 2,188,758	\$ 2,239,841	\$ 2,081,209	\$ 2,056,027
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.
 * Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GENERAL FUND

This fund is used to account for and report all financial resources not accounted for and reported in another fund. Any lawful expenditure of the School District, including any expenditure of a nature that could be made from any other fund, may be made from the General Fund.

The General Fund is always considered to be a major fund for financial reporting purposes.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 1,654,810	\$ 1,672,129	\$ 1,718,119	\$ 45,990
State sources	3,989,978	4,031,749	4,738,800	707,051
Federal sources	1,045,355	964,596	989,806	25,210
Total revenues	<u>6,690,143</u>	<u>6,668,474</u>	<u>7,446,725</u>	<u>778,251</u>
EXPENDITURES				
Instruction	3,847,734	3,652,268	3,350,114	302,154
Supporting services				
Student support	306,092	297,172	285,902	11,270
Instructional staff	82,445	80,945	83,044	(2,099)
General administration	557,890	305,435	687,899	(382,464)
School administration	443,860	482,805	488,017	(5,212)
Business services	146,327	147,027	199,099	(52,072)
Operations and maintenance	813,855	947,207	903,785	43,422
Student transportation	245,600	333,825	246,499	87,326
Central support service	471,200	587,968	522,030	65,938
Debt Service				
Principal	-	19,890	23,863	(3,973)
Interest and other charges	-	-	3,014	(3,014)
Contingency reserves	<u>3,322,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,237,910</u>	<u>6,854,542</u>	<u>6,793,266</u>	<u>61,276</u>
Excess (deficiency) of revenues over expenditures	<u>(3,547,767)</u>	<u>(186,068)</u>	<u>653,459</u>	<u>839,527</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(150,000)	(200,000)	(200,000)	-
Other long-term debt proceeds	<u>-</u>	<u>-</u>	<u>51,178</u>	<u>51,178</u>
Total other financing source (uses)	<u>(150,000)</u>	<u>(200,000)</u>	<u>(148,822)</u>	<u>51,178</u>
Net change in fund balances	<u>(3,697,767)</u>	<u>(386,068)</u>	<u>504,637</u>	<u>890,705</u>
Fund balances - beginning	<u>3,697,767</u>	<u>3,970,956</u>	<u>3,970,956</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 3,584,888</u>	<u>\$ 4,475,593</u>	<u>\$ 890,705</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CAPITAL RESERVE FUND

This fund is used to account for significant capital expenditures of the District, including the acquisition of sites, buildings, equipment, and vehicles.

For financial reporting purposes, the Capital Reserve Fund was determined to be a major fund of the District for the current fiscal year.

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Other local sources	\$ 4,000	\$ 8,780	\$ 4,780
Total revenues	<u>4,000</u>	<u>8,780</u>	<u>4,780</u>
EXPENDITURES			
Supporting services:			
Student services	75,000	-	75,000
Operation and maintenance	<u>962,232</u>	<u>111,797</u>	<u>850,435</u>
Total expenditures	<u>1,037,232</u>	<u>111,797</u>	<u>925,435</u>
Excess (deficiency) of revenues over expenditures	(1,033,232)	(103,017)	930,215
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(833,232)	96,983	930,215
Fund balance - beginning	<u>833,232</u>	<u>833,232</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 930,215</u>	<u>\$ 930,215</u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

Pupil Activity Fund

This fund accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Pupil Activity Fund	
ASSETS			
Cash and investments	\$ 220,975	\$ 147,716	\$ 368,691
Other receivables	90,703	-	90,703
Due from other funds	10,704	-	10,704
Inventories	7,723	-	7,723
	\$ 330,105	\$ 147,716	\$ 477,821
LIABILITIES			
Accounts payable	\$ 22,285	\$ 750	\$ 23,035
	22,285	750	23,035
FUND BALANCES			
Nonspendable	7,723	-	7,723
Committed	300,097	146,966	447,063
	307,820	146,966	454,786
Total liabilities and fund balances	\$ 330,105	\$ 147,716	\$ 477,821

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Food Service Fund	Pupil Activity Fund	
REVENUES			
Local sources	\$ 33,465	\$ 127,680	\$ 161,145
State sources	32,440	-	32,440
Federal sources	400,016	-	400,016
Total revenues	<u>465,921</u>	<u>127,680</u>	<u>593,601</u>
EXPENDITURES			
Instruction	-	121,523	121,523
Food service operations	403,056	-	403,056
Total expenditures	<u>403,056</u>	<u>121,523</u>	<u>524,579</u>
Net change in fund balances	62,865	6,157	69,022
Fund balances - beginning	<u>244,955</u>	<u>140,809</u>	<u>385,764</u>
Fund balances - ending	<u>\$ 307,820</u>	<u>\$ 146,966</u>	<u>\$ 454,786</u>

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES			
Local sources	\$ 15,550	\$ 33,465	\$ 17,915
State sources	29,000	32,440	3,440
Federal sources	357,500	400,016	42,516
	<hr/>	<hr/>	<hr/>
Total revenues	402,050	465,921	63,871
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Food service operations	537,000	403,056	133,944
	<hr/>	<hr/>	<hr/>
Total expenditures	537,000	403,056	133,944
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(134,950)	62,865	197,815
Fund balances - beginning	244,956	244,955	(1)
	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 110,006	\$ 307,820	\$ 197,814
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES			
Local sources	\$ 107,500	\$ 127,680	\$ 20,180
Total revenues	107,500	127,680	20,180
EXPENDITURES			
Instruction	165,000	121,523	43,477
Total expenditures	165,000	121,523	43,477
Net change in fund balances	(57,500)	6,157	63,657
Fund balances - beginning	140,809	140,809	-
Fund balances - ending	<u>\$ 83,309</u>	<u>\$ 146,966</u>	<u>\$ 63,657</u>

See the accompanying independent auditors' report.

FEDERAL COMPLIANCE

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
<i>Child Nutrition Cluster</i>					
Passed Through Colorado Department of Education					
School Breakfast Program	10.553		4553	\$ -	\$ 53,713
National School Lunch Program	10.555		4555, 6555		184,912
Summer Food Service Program for Children	10.559		4559		107,324
Fresh Fruit and Vegetable Program	10.582		4582		12,606
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		<u>16,463</u>
<i>Total Child Nutrition Cluster</i>					<u>375,018</u>
Passed Through Colorado Department of Education					
Summer Electronic Benefit Transfer Program for Children	10.646		4646		800
Passed Through Colorado Department of Human Services					
Child and Adult Care Food Program	10.558		4558		<u>24,998</u>
Total U.S. Department of Agriculture					<u>400,816</u>
U.S. Department of Education					
Direct Programs					
Rural Education	84.358				<u>13,822</u>
					<u>13,822</u>
Passed Through Colorado Department of Education					
No Child Left Behind, Title I, Part A	84.010		4010		215,128
Quality Teacher, Title II, Part A	84.367		4367		53,808
Student Support and Academic Enrichment Program	84.424A		4424		15,827
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4414		<u>690,421</u>
Total U.S. Department of Education					<u>975,184</u>
Total Federal Awards				<u>\$ -</u>	<u>\$ 1,389,822</u>

See the accompanying independent auditors' report.

CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Crowley County School District RE-1-J under programs of the federal government for the year ended June 30, 2024. 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 Crowley County School District RE-1-J, it is not intended to and does not present the financial position, changes in net position, or cash flows of Crowley County School District RE-1-J.

NOTE 2 – 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Crowley County School District RE-1-J has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2024, Crowley County School District RE-1-J received \$16,463. in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.



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

To the Board of Education
Crowley County School District RE-1-J

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 Crowley County School District RE-1-J, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Crowley County School District RE-1-J’s basic financial statements, and have issued our report thereon dated February 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crowley County School District RE-1-J’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 Crowley County School District RE-1-J’s internal control. Accordingly, we do not express an opinion on the effectiveness of Crowley County School District RE-1-J’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crowley County School District RE-1-J'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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 5, 2025



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

To the Board of Education
Crowley County School District RE-1-J

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Crowley County School District RE-1-J’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Crowley County School District RE-1-J’s major federal programs for the year ended June 30, 2024. Crowley County School District RE-1-J’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Crowley County School District RE-1-J 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, 2024.

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 Crowley County School District RE-1-J 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 Crowley County School District RE-1-J’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 Crowley County School District RE-1-J’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Crowley County School District RE-1-J'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 Crowley County School District RE-1-J'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 Crowley County School District RE-1-J'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 Crowley County School District RE-1-J'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 Crowley County School District RE-1-J's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Hoelting & Company Inc.

Colorado Springs, Colorado
February 5, 2025

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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? ___ 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? ___ 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 200.516(a)? ___ yes x no

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ALN 84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes ___ no

**CROWLEY COUNTY SCHOOL DISTRICT RE-1-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



CROWLEY COUNTY SCHOOL DISTRICT NO. RE. 1-J

**1001 MAIN STREET
ORDWAY, COLORADO 81063**

**(719)267-3117
FAX: (719)267-3130**

**JUAN RAMIREZ
SUPERINTENDENT**

**BRANDON ROE
7-12 PRINCIPAL**

**DEANNA BREWER
K-6 PRINCIPAL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Crowley County School District RE-1-J Schedule of Findings and Questioned Costs for the year ended June 30, 2023. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2024 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.

STATE COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Crowley County School District RE-1-J

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crowley County School District RE-1-J, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Crowley County School District RE-1-J's basic financial statements as listed in the table of contents. Our report thereon, dated February 5, 2025, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crowley County School District RE-1-J's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is 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 *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado Springs, Colorado
February 5, 2025



Colorado Department of Education
Auditors Integrity Report
 District: 0770 - Crowley County RE-1-J
 Fiscal Year 2023-24
 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	3,970,956		7,297,903	6,793,266		4,475,593
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	3,970,956		7,297,903	6,793,266		4,475,593
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	244,956		465,922	403,057		307,820
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	140,809		127,680	121,524		146,966
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	0		0	0		0
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	833,232		208,780	111,797		930,215
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	5,189,954		8,100,284	7,429,643		5,860,595
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0
FINAL						