

**LA VETA SCHOOL DISTRICT RE-2
LA VETA, COLORADO**

**FINANCIAL STATEMENTS AND
THE INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2024

LA VETA SCHOOL DISTRICT RE-2

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INDEPENDENT AUDITOR'S REPORT

Board of Education
La Veta School District RE-2
La Veta, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the La Veta School District RE-2 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 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.

Board of Education
La Veta School District RE-2

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund statements and budget comparison schedules, and the auditor's integrity report listed in the table of contents 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the auditor's integrity report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

December 31, 2024
Bailey, Colorado

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2023/2024**

This section of the La Veta School District RE-2's annual financial report offers readers of the District's financial statements a narrative summary and an analysis of the District's financial performance during the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

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

Financial Highlights

At the close of FY 2024, the District's net position changed from \$31,524,646 at the end of FY 2023 to \$30,460,620 at the end of FY 2024, a decrease in net position of \$1,064,026. The change in the District's net position reflects continued fiscal management and operational adjustments. The District's position continues to be affected by the accounting requirements of GASB 68, the Accounting and Financial Reporting for Pensions. At the end of FY 2024, La Veta School District RE-2 showed \$6,337,030 for its proportionate share of net pension liability, \$1,645,164 deferred outflows of resources, and \$233,794 of pension deferred inflow of resources. Also reported was net OPEB liability of \$153,014, \$39,887 deferred outflows of resources, and \$61,564 of deferred inflow of OPEB resources.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. In FY 2024, La Veta RE-2 had a K-12 October Count of 195 students and an average funded pupil count of 206 students. Per pupil revenue (PPR) was figured at \$16,544.51, though a budget stabilization factor adjustment to total program was made totaling \$52,483.00, reducing PPR to \$16,289.73. The district's adjusted total program funding was \$3,355,684.12.

These figures excluded the implementation of Universal Pre-School for 3 and 4 year-olds, which began in FY 2024 and resulted in funding of approximately \$192,542 for La Veta RE-2. This funding was accounted for within Fund 10/General Fund in FY 2024.

Funding for the School Finance Act comes from property taxes, specific ownership taxes, and state equalization. In the General Fund, the District received \$3,402,538 in funding from these sources:

- 68% from State Equalization: \$2,306,404
- 28% from Local Property Taxes: \$ 963,325
- 4% from Specific Ownership Taxes: \$ 132,807

Local Property Tax Revenue collections exceeded expectations in FY 2024, with State anticipated revenue of \$960,643 and actual revenue of \$963,325, an increase of \$2,682 locally.

Specific Ownership Taxes also exceeded expectations in FY 2024, with anticipated revenue of \$94,134 and actual revenue of \$132,807, an increase of \$38,673.

Revenue of \$41,355 was collected in local property tax and specific owner tax in excess of the calculated adjusted total program funding.

The FY 2024 beginning fund balance in the District's General Fund, which includes Fund 10/General Fund and Fund19/Colorado Preschool Program (CPP), was \$1,201,011. General Fund received \$4,842,432 in revenues and expended \$4,583,948. The FY 2024 ending fund balance in the General Fund was \$1,251,858, an increase of \$50,847.

Fund 21, the Food Service Fund, recognized \$127,986 in revenue and expended \$200,983. The FY 2024 ending fund balance in Fund 21, Food Service Fund, was \$25,554, an increase of \$21,003 from the prior year.

Fund 22, the Government Designated Purpose Grants was not utilized in FY24 with grants revenues and expenditures instead being accounted for within Fund 10/General Fund.

The Pupil Activities Fund Account recognized \$126,419 in revenues and expended \$89,227. The ending fund balance in the Activities Account was \$114,102.

The Debt Service Fund, Fund 31, had a beginning fund balance of \$486,292. Revenues totaled \$411,127, with bond-related property taxes accounting for \$395,412 of the total revenues. Principal and interest payments on the General Obligation Refunding and Improvement Bonds, Series 2019, totaled \$423,700. The Debt Service Fund balance on June 30, 2024, was \$473,719. The District completed its fifth-year arbitrage rebate calculation for the Series 2019 General Obligation Refunding and Improvement Bonds (\$5,715,000 original par amount) for the period July 31, 2019 to July 31, 2024. The calculation demonstrated a bond yield of 2.1791% and an investment yield of 1.15432840%, resulting in no rebatable arbitrage liability to the Internal Revenue Service. The District remains in full compliance with all bond covenants and IRS regulations regarding the bonds.

The Capital Reserve/Capital Projects Fund had expenditures of \$43,090 for various capital improvements and received transfers from the General Fund of \$113,637, resulting in an ending fund balance of \$86,910.

Overview of the Financial Statements

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

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

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

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

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

Government-wide Statements

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

The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences between the two reported as total net position. Over time, increases or decreases in net

position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District’s overall health, you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, not the District as a whole. Funds are accounting categories the District uses to keep track of specific sources of funding and spending on particular programs. Certain funds are required by law. Other funds control and manage money for particular purposes (such as federal grants or student activity). The District’s maintains only governmental funds types, described as follows:

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

La Veta School District RE-2 maintains five governmental funds: General Fund, which has historically included the Colorado Pre-School Program and now includes funding that supports Universal Pre-School Programming, the Food Service Fund, Pupil Activities, Debt Service, and Capital Reserve / Capital Projects. In FY 2024, the District ceased using the Governmental Designated Grants Fund and the Building Fund does

not currently have any activity within it. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. Included in the required supplementary information section is budget-to-actual information for all government funds as required by State Law.

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
La Veta District RE-2
Changes in Net Program

Table 1 provides a comparison of the District’s net position from June 30, 2023, to June 30, 2024.

The Statement of Net Position reports all financial and capital resources. The statement presents assets and liabilities in order of relative liquidity. All liabilities reported are current as of June 30, 2024, consisting of accounts payable, accrued salaries and benefits, and internal payables. The difference between the District’s assets and liabilities is its net position. In FY 2024, the District-wide net position was \$30,460,620.

Table 1:
NET POSITION

	Governmental Activities			
	2024	2023	\$ Change	% Change
Assets				
Current and other assets	\$ 2,284,047	\$ 2,295,599	\$ (11,552)	-1%
Capital and non-current assets	39,029,307	40,170,654	(1,141,347)	-3%
Total assets	41,313,354	42,466,253	(1,152,899)	-3%
Deferred outflows of resources	1,685,051	1,298,305	386,746	30%
Liabilities				
Current liabilities	270,950	6,579,490	(6,308,540)	-96%
Long-term liabilities outstanding	11,971,477	5,180,000	6,791,477	131%
Total liabilities	12,242,427	11,759,490	482,937	4%
Deferred inflows of resources	295,358	480,422	(185,064)	-39%
Net Position				
Net investment in capital assets	\$ 33,558,680	\$ 34,990,654	\$ (1,431,974)	-4%
Restricted for:				
Emergencies	140,000	156,000	(16,000)	-10%
Debt service	502,947	486,292	16,655	3%
Preschool	90,770	41,667	49,103	118%
Unrestricted	(3,831,777)	(4,149,967)	318,190	-8%
Total Net Position	\$ 30,460,620	\$ 31,524,646	\$ (1,064,026)	-3%

Table 2
La Veta District RE-2
Changes in Net Position

The District's Governmental Activities are reported on the accrual basis of accounting. A condensed financial comparison of revenues and expenditures from FY 2023 to FY 2024 shows the District's net program in total governmental activities decreased by \$1,064,026.

Table 2 provides a summary of government activities by major function.

Table 2:
Changes in Net Position

	Governmental Activities			
	2024	2023	\$ Change	% Change
Revenues				
Charges for services	\$ 240,580	\$ 96,983	\$ 143,597	148%
Operating and capital grants and Contributions	1,394,675	905,633	489,042	54%
General revenues:			-	
Property taxes	1,280,924	1,349,545	(68,621)	-5%
Specific ownership taxes	132,807	140,916	(8,109)	-6%
Grants and Contributions Not Restrict	-	-	-	
State equalization and categoricals	2,306,404	2,192,311	114,093	5%
Interest	40,847	17,054	23,793	140%
Other	33,914	300,765	(266,851)	-89%
Total Revenues	5,430,151	5,003,207	426,944	9%
Expenses:				
Instruction	3,700,117	3,627,753	72,364	2%
Support services	2,439,412	4,271,932	(1,832,520)	-43%
Interest on long-term debt	143,887	149,960	(6,073)	-4%
Food services	210,761	147,380	63,381	43%
Total Expenditures	6,494,177	8,197,025	(1,702,848)	-21%
Change in Net Position	(1,064,026)	(3,193,818)	2,129,792	-67%
Net Position - Beginning	31,524,646	34,718,464	(3,193,818)	-9%
Net Position - Ending	\$ 30,460,620	\$ 31,524,646	\$ (1,064,026)	-3%

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. In FY 2024, La Veta RE-2 had a K-12 October Count of 195 students and an average funded pupil count of 206 students. Per pupil revenue (PPR) was figured at \$16,544.51, though a budget stabilization factor adjustment to total program was made totaling \$52,483.00, reducing PPR to \$16,289.73. The district's adjusted total program funding was \$3,355,684.12.

Funding for the School Finance Act comes from property taxes, specific ownership taxes, and state equalization. In the General Fund, the District received \$3,402,538 in funding from these sources:

- 68% from State Equalization: \$2,306,406
- 28% from Local Property Taxes: \$ 963,325
- 4% from Specific Ownership Taxes: \$ 132,807

Local Property Tax Revenue collections exceeded expectations in FY 2024, with State anticipated revenue of \$960,643 and actual revenue of \$963,325, an increase of \$2,682 locally.

Specific Ownership Taxes also exceeded expectations in FY 2024, with anticipated revenue of \$94,134 and actual revenue of \$132,807, an increase of \$38,673.

Revenue of \$41,355 was collected in local property tax and specific owner tax in excess of the calculated adjusted total program funding.

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

Table 4
La Veta District RE-2
Capital Assets

Summary and a comparison from FY 2023 to FY 2024 of the District’s capital assets.

Table 4 : Capital Assets (Net of Depreciation)

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,755	\$ -	\$ -	\$ 25,755
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	44,171,480	89,694	-	44,261,174
Equipment and Vehicles	755,193	-	-	755,193
Food Service	35,212	-	-	35,212
Total Capital Assets, Being Depreciated	44,961,885	89,694	-	45,051,579
Less Accumulated Depreciation:				
Buildings and Site Improvements	(4,203,389)	(1,189,723)	-	(5,393,112)
Equipment and Vehicles	(579,601)	(40,102)	-	(619,703)
Food Service	(33,996)	(1,216)	-	(35,212)
Total Accumulated Depreciation	(4,816,986)	(1,231,041)	-	(6,048,027)
Total Capital Assets, Being Depreciated, Net	40,144,899	(1,141,347)	-	39,003,552
Capital Assets, Governmental Activities, Net	\$ 40,170,654	\$ (1,141,347)	\$ -	\$ 39,029,307

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

Table 5 is a summary of the La Veta School District RE-2 long-term debt transactions in FY 2024. The 2019 General Obligation Refunding and Improvement Bonds were sold in July 2019. At June 30, 2024, the balance on the 2019 General Obligations Bonds is \$4,960,000.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
GO Bonds 2019	\$ 5,180,000	\$ -	\$ 220,000	\$ 4,960,000	\$ 230,000
Bond Premium	569,707	-	59,080	510,627	-
Compensated Absences	18,144	-	7,338	10,806	-
Total	\$ 5,767,851	\$ -	\$ 286,418	\$ 5,481,433	\$ 230,000

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

General Fund (Fund 10)

The General Fund is the major operating fund of the District, providing most of the resources for education and support programs. The funded pupil count for FY 2024 was 206 FTE.

The General Fund performed better than budgeted, with an actual positive change in fund balance of \$50,847 compared to a budgeted decrease of (\$509,794)

Key financial results include:

- Total revenues were \$4,842,432, exceeding the final budget by \$62,998
- Total expenditures were \$4,583,948, which was \$497,643 under the final budget
- The fund had transfers out of \$207,637 to other funds
 - Capital Reserves / Capital Projects (\$113,637)
 - Food Service (\$94,000)
- The ending fund balance was \$1,251,858, which was significantly higher than the budgeted ending balance of \$721,513

The fund maintains a healthy fund balance with:

- \$140,000 restricted for emergencies
- \$90,770 restricted for preschool
- \$1,021,088 unassigned

Revenue sources were included:

- Property taxes, specific ownership taxes, state equalization & grants, and federal sources

Overall, the General Fund demonstrated strong financial performance in FY 2024, with better-than-budgeted results and maintenance of healthy reserves. The fund was able to support its operations while also providing transfers to support other funds' activities.

Food Service (Fund 21)

Based on the financial statements, several key observations can be made about the Food Service Fund for La Veta School District RE-2:

The fund ended the year with a positive balance of \$25,554, which was significantly better than the budgeted ending balance of \$2,922.

Revenue sources included:

- Local fees: \$6,919
- State grants: \$26,107
- Federal grants: \$94,960
- Total revenues: \$127,986

Major expenditures included:

- Salaries: \$71,622
- Benefits: \$35,750
- Supplies and materials: \$92,833
- Total expenditures: \$200,983

The fund received a transfer of \$94,000 from the General Fund to help cover operating costs.

Overall performance was better than budgeted:

- The actual operating deficit of \$72,997 was smaller than the budgeted deficit of \$95,629
- With the transfer in, the fund increased its balance by \$21,003 during the year
- This was \$22,632 better than the budgeted change in fund balance

The fund maintains an inventory of \$12,387 in food and supplies.

In summary, while the Food Service Fund required significant subsidy from the General Fund, it performed better than budgeted and maintained adequate working capital to support operations.

Government Designated Grant (Fund 22)

In FY24, La Veta School District RE-2 made an accounting change in how they track and present grant funds:

Before (Prior to FY24):

- Grant funds were segregated in Fund 22 (a separate Governmental Grants Fund)
- This kept grant revenues and expenditures separate from general operations
- Made it easier to see grant activity in isolation

New Method (FY24):

- Grant funds are now integrated into Fund 10 (General Fund)
- Instead of separate funds, grants are tracked using specific funding codes within the General Fund

This is essentially an accounting presentation change rather than a change in actual operations - the same grant activities are occurring, they are just being recorded and presented differently in the financial statements now.

Pupil Activity (Fund 23)

Based on the financial statements, I can make several key statements about the Student Activity Fund (Pupil Activity Fund):

The fund had a significant positive performance in 2024:

- Actual revenues (\$126,419) far exceeded budgeted revenues (\$21,818) by \$104,601
- Expenditures (\$89,227) came in under budget (\$100,864) by \$11,637
- The fund ended with a positive change in fund balance of \$37,192, compared to a budgeted decrease of \$79,046

Fund Balance details:

- Started the year with \$76,910
- Ended the year with \$114,102
- All of this balance is classified as "Assigned to Student Activities"

The fund's only revenue source was student activity fees, and its expenditures were all classified under instruction.

This performance indicates the Student Activity Fund had a very strong year, with higher than expected revenues and controlled spending.

Debt Service Fund (Fund 31)

The Debt Service Fund, which handles the district's bond redemption activities, had a fund balance of \$473,719 as of June 30, 2024. During the fiscal year, the fund recognized \$411,127 in revenues (primarily from property taxes and investment income) and made debt service payments of \$423,700 (\$220,000 in principal and \$203,700 in interest and fees). This resulted in a slight operating deficit of \$12,573 for the year, reducing the fund balance from its beginning balance of \$486,292.

The fund is maintaining adequate reserves to meet its debt service obligations, with the fund balance representing over a year's worth of debt service payments. The fund's main revenue source comes from dedicated property tax levies, with \$395,412 collected from property taxes during the fiscal year.

These figures indicate the district is managing its debt obligations responsibly while maintaining appropriate reserves in the bond redemption fund to ensure timely payment of its bonded debt.

Building Fund (Fund 41)

In FY24, La Veta School District ceased using the building fund that was utilized during the construction of the new PK-12 building in Fiscal Years 20, 21, 22, and 23. The building fund and its associated bank accounts carried a zero balance in FY24.

Capital Reserve / Capital Projects (Fund 43)

The Capital Reserve Fund shows the following key financial information for fiscal year 2024:

Expenditures: The fund had capital outlay expenditures of \$43,090, which was significantly under the budgeted amount of \$130,000, resulting in a positive budget variance of \$86,910.

Transfers: The fund received transfers of \$113,637 from the General Fund to help finance capital projects.

Fund Balance: The fund ended the year with a fund balance of \$86,910, which is a significant increase from its beginning balance of \$16,363. This represents resources available for future capital projects.

Budget Performance: The fund performed better than budgeted - while the original and final budgets projected an ending fund balance of \$0, the actual ending balance was \$86,910 due to lower than anticipated capital expenditures.

Purpose: Based on the financial statements, this fund is committed specifically for capital outlay purposes, as shown in the fund balance classifications.

The relatively high ending fund balance compared to actual expenditures resulted from the district's intent to accumulate resources for future capital projects in FY 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Outlook for FY 2024/2025

The District aligns its financial planning with four established strategic priorities that guide resource allocation and investment decisions:

Priority 1: Recruiting, Developing, Supporting, and Retaining High Quality Staff

- Continuation of competitive compensation, including building on FY2024's 6% salary increases
- Maintaining enhanced teacher work calendar with increased preparation days
- Supporting peer evaluation system with RANDA-trained teacher evaluators
- Preserving 90-minute planning periods that enhance teacher effectiveness
- Administration projects potential operational support of \$25,000 to \$45,000 may be needed beyond tuition and grant funding for the new staff childcare center
- Health insurance and benefits package management
- Supporting staff housing initiatives through community partnerships

Priority 2: Creating and Maintaining Excellent Cultural and Physical Environments

- Strategic utilization of \$136,910 capital reserve fund balance, in FY25:
 - o Improve the surfacing of the elementary playground at a cost of approximately \$40,000
 - o Improve water pressure and quality in the new PK-12 building by directly connecting Town water to the building, at a cost of approximately \$50,000
 - o Reserving approximately \$45,000 for use on a future sidewalk / walking path
- Management of bond obligations through 2040
- Planning for preventive maintenance and facility improvements
 - o Addressing identified storage needs, particularly outside, and classroom space needs as enrollment count increases
- Ensuring safe and secure learning environments in the final year of the Stronger Connections grant:
 - o Maintaining and monitoring comprehensive security systems including controlled access points, surveillance cameras, and visitor management (Raptor) system

- Regular review and updating of safety protocols and procedures
- Supporting staff readiness with universal radio communication systems
- Strategic deployment of staff to ensure consistent adult presence and supervision

Priority 3: Engaging in Productive Partnerships

- Strategic investment in comprehensive digital communication platforms (website, mobile app, and notification system) to significantly enhance parent and community engagement
- Continuing collaboration with La Veta School Foundation for staff housing solutions
- Assessing sustainability options for the district's childcare center, with administration projecting potential operational support of \$25,000-\$45,000 annually needed, beyond tuition and grant funding to ensure long-term viability

Priority 4: Building a Strong Sense of Student Ownership & Belonging

- Investment in programs that enhance student connection and achievement
 - Core instructional funding of \$2.2M focused on engaging classroom experiences
 - Strategic use of \$474K in federal grants to support targeted learning programs
 - Implementation of WIN (What I Need) Time with opportunities for student voice in program design
 - Support for teacher participation in student activities and events outside classroom
 - Resources for both academic intervention and enrichment programming
 - Professional development funding to enhance teacher effectiveness in building student connections
 - Investment in support services (\$2.3M) to provide comprehensive student assistance
 - Addition of a K-12 Counselor with funds from Counselor Corps
 - Adoption of PK-12 SEL Curriculum from Wayfinder for implementation in Spring 2025

Financial Sustainability

The District maintains its commitment to prudent fiscal management while advancing these strategic priorities. Key considerations include:

- Current funded pupil count of 217 FTE

- Monitoring and adjusting to changes in state funding, particularly including the implementation of 1448
- Strategic deployment of resources to support priority initiatives
- Balanced approach to immediate needs and long-term stability

Management and the Board will continue to evaluate resource allocation through the lens of these four priorities, ensuring investments align with strategic goals while maintaining fiscal responsibility. This focused approach allows for intentional growth and sustainable progress toward district objectives.

Contacting the District's Financial Management Team

This financial report is designed to provide the District's taxpayers, citizens, investors, and creditors with a general overview of the District's financial status and to demonstrate the District's accountability for the money it receives. If there are questions regarding this report or additional information is needed, please contact Superintendent Bree Jones at La Veta School District, 200 East Stadium Drive, PO Box 85, La Veta, CO 81055, 719-742-6416 or via email at bree.jones@lvk12.org

BASIC FINANCIAL STATEMENTS

LA VETA SCHOOL DISTRICT RE-2

STATEMENT OF NET POSITION

June 30, 2024

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 1,542,402
Accounts Receivable	175,618
Taxes Receivable	271,557
Grants Receivable	282,083
Inventory	12,387
Capital Assets, <i>Not Being Depreciated</i>	25,755
Capital Assets, <i>Net of Accumulated Depreciation</i>	39,003,552
TOTAL ASSETS	<u>41,313,354</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	1,645,164
OPEB, <i>Net of Accumulated Amortization</i>	39,887
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,685,051</u>
LIABILITIES	
Accounts Payable	22,315
Accrued Salaries and Benefits	227,355
Accrued Interest Payable	16,533
Unearned revenue	4,747
Long-Term Liabilities	
Due Within One Year	230,000
Due in More Than One Year	5,251,433
Net Pension Liability	6,337,030
Net OPEB Liability	153,014
TOTAL LIABILITIES	<u>12,242,427</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	233,794
OPEB, <i>Net of Accumulated Amortization</i>	61,564
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>295,358</u>
NET POSITION	
Net Investment in Capital Assets	33,558,680
Restricted for:	
Emergencies	140,000
Preschool	90,770
Debt Service	502,947
Unrestricted	(3,831,777)
TOTAL NET POSITION	<u>\$ 30,460,620</u>

See Notes to the Financial Statements.

LA VETA SCHOOL DISTRICT RE-2
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENTAL ACTIVITIES
Governmental Activities				
Instruction	\$ 3,700,117	\$ 50,600	\$ 545,312	\$ (3,104,205)
Supporting Services	2,439,412	183,061	728,296	(1,528,055)
Food Services	210,761	6,919	121,067	(82,775)
Interest on Long-Term Debt	143,887	-	-	(143,887)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 6,494,177	\$ 240,580	\$ 1,394,675	(4,858,922)
		GENERAL REVENUES		
				1,280,924
				132,807
				2,306,404
				40,847
				33,914
		TOTAL GENERAL REVENUES		3,794,896
		CHANGE IN NET POSITION		(1,064,026)
		NET POSITION, Beginning		31,524,646
		NET POSITION, Ending		\$ 30,460,620

LA VETA SCHOOL DISTRICT RE-2

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 955,340	\$ 362,740	\$ 224,322	\$ 1,542,402
Accounts Receivable	73,491	101,648	479	175,618
Grants Receivable	282,083	-	-	282,083
Taxes Receivable	216,465	55,092	-	271,557
Inventories	-	-	12,387	12,387
TOTAL ASSETS	<u>\$ 1,527,379</u>	<u>\$ 519,480</u>	<u>\$ 237,188</u>	<u>\$ 2,284,047</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 22,297	\$ -	\$ 18	\$ 22,315
Accrued Salaries and Benefits	221,035	-	6,320	227,355
Unearned Revenue	463	-	4,284	4,747
TOTAL LIABILITIES	<u>243,795</u>	<u>-</u>	<u>10,622</u>	<u>254,417</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	31,726	45,761	-	77,487
FUND BALANCES				
Nonspendable Inventory	-	-	12,387	12,387
Restricted for:				
Emergencies	140,000	-	-	140,000
Preschool	90,770	-	-	90,770
Debt Service	-	473,719	-	473,719
Committed for Capital Outlay	-	-	86,910	86,910
Assigned to:				
Student Activities	-	-	114,102	114,102
Food Services	-	-	13,167	13,167
Unassigned	1,021,088	-	-	1,021,088
TOTAL FUND BALANCES	<u>1,251,858</u>	<u>473,719</u>	<u>226,566</u>	<u>1,952,143</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,527,379</u>	<u>\$ 519,480</u>	<u>\$ 237,188</u>	<u>\$ 2,284,047</u>

LA VETA SCHOOL DISTRICT RE-2
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
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 Balances of Governmental Funds	\$	1,952,143
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		39,029,307
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		77,487
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Compensated Absences		(10,806)
Accrued Interest Payable		(16,533)
Bonds Payable		(5,470,627)
Net Pension Liability		(6,337,030)
Pension-Related Deferred Outflows of Resources		1,645,164
Pension-Related Deferred Inflows of Resources		(233,794)
Net OPEB Liability		(153,014)
OPEB-Related Deferred Outflows of Resources		39,887
OPEB-Related Deferred Inflows of Resources		<u>(61,564)</u>
Total Net Position of Governmental Activities	\$	<u><u>30,460,620</u></u>

LA VETA SCHOOL DISTRICT RE-2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ 1,262,834	\$ 411,127	\$ 133,338	\$ 1,807,299
County Sources	763	-	-	763
State Sources	3,104,799	-	26,107	3,130,906
Federal Sources	474,036	-	94,960	568,996
	<u>4,842,432</u>	<u>411,127</u>	<u>254,405</u>	<u>5,507,964</u>
EXPENDITURES				
Current				
Instruction	2,234,575	-	89,227	2,323,802
Supporting Services	2,295,308	-	-	2,295,308
Food Services	-	-	200,983	200,983
Debt Service				
Principal	-	220,000	-	220,000
Interest and Fiscal Charges	-	203,700	-	203,700
Capital Outlay	54,065	-	43,090	97,155
	<u>4,583,948</u>	<u>423,700</u>	<u>333,300</u>	<u>5,340,948</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>258,484</u>	<u>(12,573)</u>	<u>(78,895)</u>	<u>167,016</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	207,637	207,637
Transfers Out	(207,637)	-	-	(207,637)
	<u>(207,637)</u>	<u>-</u>	<u>207,637</u>	<u>-</u>
CHANGES IN FUND BALANCES	50,847	(12,573)	128,742	167,016
FUND BALANCES, Beginning	<u>1,201,011</u>	<u>486,292</u>	<u>97,824</u>	<u>1,785,127</u>
FUND BALANCES, Ending	<u>\$ 1,251,858</u>	<u>\$ 473,719</u>	<u>\$ 226,566</u>	<u>\$ 1,952,143</u>

LA VETA SCHOOL DISTRICT RE-2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	167,016
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		(1,231,041)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		
		(77,813)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
		220,000
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and amortization of bond premiums.		
		59,080
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Interest Payable		733
Compensated Absences		7,338
Net Pension Liability		(903,011)
Pension-Related Deferred Outflows of Resources		401,443
Pension-Related Deferred Inflows of Resources		176,071
Net OPEB Liability		32,168
OPEB-Related Deferred Outflows of Resources		(14,697)
OPEB-Related Deferred Inflows of Resources		8,993
		8,993
Change in Net Position of Governmental Activities	\$	(1,064,026)

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the La Veta School District RE-2 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

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

Separate financial statements are provided for the governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, 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 District, except those required to be accounted for in another fund. The General Fund includes the Preschool Program Activity.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation(Continued)

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

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

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, are recorded only when payment is due.

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Cash and Investments – The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. Investments are reported at fair value.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Inventories – Food Service Fund inventories are recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventories are stated at cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Capital Assets - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Site Improvements	15 – 40 years
Vehicles	5 – 12 years
Equipment	5 – 15 years
Food Service Equipment	5 – 10 years

Deferred Outflows of Resources - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Unearned Revenue – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Inflows of Resources – This separate financial statement element represents an acquisition of net assets by the District that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Personnel accrue leave days based on the number of days worked in a year. Employees may accumulate up to 40 days of leave. For staff with more than 15 years of service, unused accumulated leave benefits are paid upon separation/termination at a percentage of the regular certified substitute rate. These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Pensions - The District participates in the School Division Trust Fund (SDTF), 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, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent and his designee the authority to assign fund balances to be used for specific purposes.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments

At June 30, 2024, the District had the following cash and investments:

Cash on Hand	\$ 1,160
Deposits	640,998
Investments	900,244
Total	\$ 1,542,402

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to 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. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of \$514,237 collateralized with securities held by the financial institution’s agent but not in the District’s name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Fair Value Measurements - At June 30, 2024, the District’s investments in the local government investment pool and money market reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission’s Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

At June 30, 2024, the District had \$362,740 invested in a treasury money market fund. The District’s investment in the money market fund was rated AAAM by Standard & Poor’s, a nationally recognized statistical rating organization (NSRO).

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

Fair Value Measurements - At June 30, 2024, the District's investments in the local government investment pool reported at the net asset value per share. The District's money markets were measured utilizing the fair value hierarchy at Level 2 as inputs other than quoted prices.

The fair value measurements are categorized by the fair value hierarchy. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1, which is the highest priority, to Level 3, which is the lower priority and are based on the following criteria:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are observable.

Local Government Investment Pool - At June 30, 2024, the District had \$537,504 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust is 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 custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self Insurance Pool for all risks of loss except workers compensation, for which it utilizes a commercial insurance carrier.

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4: Interfund Transfers

During the fiscal year ended June 30, 2024, the General Fund transferred \$113,637 and \$94,000 to the Capital Reserve Fund and Food Service Fund, respectively, to subsidize capital reserve expenditures and food preparation costs.

NOTE 5: Capital Assets

Capital asset activity for the year ended June 30, 2024, is summarized below.

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,755	\$ -	\$ -	\$ 25,755
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	44,171,480	89,694	-	44,261,174
Equipment and Vehicles	755,193	-	-	755,193
Food Service	35,212	-	-	35,212
Total Capital Assets, Being Depreciated	<u>44,961,885</u>	<u>89,694</u>	<u>-</u>	<u>45,051,579</u>
Less Accumulated Depreciation:				
Buildings and Site Improvements	(4,203,389)	(1,189,723)	-	(5,393,112)
Equipment and Vehicles	(579,601)	(40,102)	-	(619,703)
Food Service	(33,996)	(1,216)	-	(35,212)
Total Accumulated Depreciation	<u>(4,816,986)</u>	<u>(1,231,041)</u>	<u>-</u>	<u>(6,048,027)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,144,899</u>	<u>(1,141,347)</u>	<u>-</u>	<u>39,003,552</u>
Capital Assets, Governmental Activities, Net	<u>\$ 40,170,654</u>	<u>\$ (1,141,347)</u>	<u>\$ -</u>	<u>\$ 39,029,307</u>

Depreciation expense of the governmental activities was charged to programs of the District as follows:

Instruction	\$ 1,202,974
Supporting Services	26,851
Food Service	1,216
Total	<u>\$ 1,231,041</u>

NOTE 6: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2024.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
GO Bonds 2019	\$ 5,180,000	\$ -	\$ 220,000	\$ 4,960,000	\$ 230,000
Bond Premium	569,707	-	59,080	510,627	-
Compensated Absences	18,144	-	7,338	10,806	-
Total	<u>\$ 5,767,851</u>	<u>\$ -</u>	<u>\$ 286,418</u>	<u>\$ 5,481,433</u>	<u>\$ 230,000</u>

Compensated absences are expected to be liquidity primarily from the General Fund.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Long-Term Debt (Continued)

On July 25, 2019, the District entered into a financed purchase agreement, General Obligation Refunding and Improvement Bonds, Series 2019, to refund the General Obligation Bonds, Series 2002 and acquire, construct, equip, and furnish a consolidated PK-12 facility. General Obligation Bonds, Series 2002, were issued for the purpose of renovating school buildings. Principal payments are due annually on December 1, through 2029. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at a fixed rate of 4% per annum. Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 230,000	\$ 193,800	\$ 423,800
2026	235,000	184,500	419,500
2027	245,000	174,900	419,900
2028	255,000	164,900	419,900
2029	265,000	154,500	419,500
2030-2034	1,495,000	601,500	2,096,500
2035-2039	1,825,000	270,500	2,095,500
2040	410,000	8,200	418,200
Total	<u>\$ 4,960,000</u>	<u>\$ 1,752,800</u>	<u>\$ 6,712,800</u>

NOTE 7: Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2023 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% unless adjusted by the AAP.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2024 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2024, were \$465,080, equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 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 CRS § 24-51-414(9) provides 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 was measured at December 31, 2023, and the total pension liability 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 total pension liability to December 31, 2023.

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

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

At December 31, 2023, the District's proportion was 0.0358359935%, which was an increase of 0.0059942655% from its proportion measured at December 31, 2023.

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 6,337,030
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>138,952</u>
Total	<u><u>\$ 6,475,982</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$814,623 and a revenue of (\$10,587) for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 300,495	\$ -
Net difference between projected and actual earnings on plan investments	454,268	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	640,384	233,794
Contributions subsequent to the measurement date	<u>250,017</u>	<u>-</u>
Total	<u><u>\$ 1,645,164</u></u>	<u><u>\$ 233,794</u></u>

District contributions subsequent to the measurement date of \$250,017 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>			
2025		\$	239,416
2026			533,621
2027			514,978
2028			<u>(126,662)</u>
Total		<u>\$</u>	<u><u>1,161,353</u></u>

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following actuarial assumptions and other inputs.

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

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) 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 results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

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

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

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

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

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

- District 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, required adjustments resulting from the 2018 and 2020 AAP assessments. District 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 District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District 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 PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve 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 fiduciary net position 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 SDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>Discount</u>	<u>(8.25%)</u>
		<u>Rate (7.25%)</u>	
Proportionate share of the net pension liability	<u>\$ 8,473,663</u>	<u>\$ 6,337,030</u>	<u>\$ 4,555,336</u>

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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 administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating 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). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents, and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District’s contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District’s apportionment to the HCTF for the year ended June 30, 2024, was \$23,277, equal to the required amount.

At June 30, 2024, the District reported a net OPEB liability of \$153,014, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability 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 total OPEB liability to December 31, 2023.

The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers.

At December 31, 2023, the District’s proportion was 0.0214387089%, which was a decrease of 0.0012418429% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$1,967). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 31,363
Changes of assumptions and other inputs	1,799	16,224
Net difference between projected and actual earnings on plan investments	4,734	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	20,841	13,977
Contributions subsequent to the measurement date	<u>12,513</u>	<u>-</u>
Total	<u>\$ 39,887</u>	<u>\$ 61,564</u>

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

District contributions subsequent to the measurement date of \$5,586 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ (16,690)
2026	(6,413)
2027	729
2028	(6,717)
2029	(3,652)
2030	<u>(1,447)</u>
Total	<u>\$ (34,190)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

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:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under CRS § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to 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%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for 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 for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for 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 2022 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates.

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.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and 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 used to measure the total OPEB liability are summarized in the table below:

Measurement 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, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the 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 from actuary’s claims data warehouse. The healthcare 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’s actuary.

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies 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.

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 weighing 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:

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

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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%.
- 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 fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, 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 HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. 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.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (7.25%)</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	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	<u>\$ 148,622</u>	<u>\$ 153,014</u>	<u>\$ 157,791</u>

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

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 180,728</u>	<u>\$ 153,014</u>	<u>\$ 129,304</u>

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9: Commitments and Contingencies

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2024, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 9: Commitments and Contingencies (Continued)

Tabor Amendment (Continued)

In November 1997, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment effective January 1, 1998. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$140,000.

Litigation

The District from time to time is involved in various legal matters. In the opinion of the District's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the District.

NOTE 10: Joint Venture

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. District contributions to the BOCES in fiscal year 2024 were \$42,159.

REQUIRED SUPPLEMENTARY INFORMATION

LA VETA SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 892,659	\$ 960,793	\$ 963,325	\$ 2,532
Specific Ownership Taxes	100,483	94,134	132,807	38,673
Investment Income	2,500	15,500	25,132	9,632
Miscellaneous	84,200	178,225	141,570	(36,655)
County Sources	42,674	45,573	763	(44,810)
State Grants	2,959,165	3,301,958	3,104,799	(197,159)
Federal Grants	210,734	183,251	474,036	290,785
TOTAL REVENUES	4,292,415	4,779,434	4,842,432	62,998
EXPENDITURES				
Current				
Instruction	2,183,060	2,365,872	2,234,575	131,297
Supporting Services				
Students	347,067	336,389	368,003	(31,614)
Instructional Staff	145,863	189,672	138,523	51,149
General Administration	208,659	242,741	174,956	67,785
School Administration	183,813	276,403	205,140	71,263
Business Services	272,787	268,787	270,176	(1,389)
Operations and Maintenance	461,407	517,907	440,820	77,087
Student Transportation	93,199	95,569	66,656	28,913
Central Support	407,006	395,006	377,745	17,261
Community Services	-	-	77	(77)
Enterprise Operations	-	61,968	219,956	(157,988)
Facilities Acquisition	-	-	33,256	(33,256)
Total Supporting Services	2,119,801	2,384,442	2,295,308	89,134
Capital Outlay	97,016	331,277	54,065	277,212
TOTAL EXPENDITURES	4,399,877	5,081,591	4,583,948	497,643
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(107,462)	(302,157)	258,484	560,641
OTHER FINANCING SOURCES (USES)				
Transfers Out	(183,637)	(207,637)	(207,637)	-
CHANGE IN FUND BALANCE	(291,099)	(509,794)	50,847	560,641
FUND BALANCE, Beginning	932,553	1,231,307	1,201,011	(30,296)
FUND BALANCE, Ending	\$ 641,454	\$ 721,513	\$ 1,251,858	\$ 530,345

LA VETA SCHOOL DISTRICT RE-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0358359935%	0.0340000000%	0.0338000000%	0.0304000000%
District's Proportionate Share of the Net Pension Liability	\$ 6,337,030	3,930,358	\$ 5,116,053	\$ 4,539,770
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>138,952</u>	<u>450,565</u>	<u>-</u>	<u>575,811</u>
Total Proportionate Share of the Net Pension Liability	<u>6,475,982</u>	<u>4,380,923</u>	<u>\$ 5,116,053</u>	<u>\$ 5,115,581</u>
District's Covered Payroll	\$ 2,369,080	\$ 2,236,344	\$ 1,903,923	\$ 1,804,061
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	175.75%	268.71%	251.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	74.86%	66.99%	57.01%
FISCAL YEAR	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>06/30/21</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 465,080	481,193	\$ 444,585	\$ 378,500
Contributions in Relation to the Statutorily Required Contribution	<u>(465,080)</u>	<u>(481,193)</u>	<u>(444,585)</u>	<u>(378,500)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,282,037	2,361,102	\$ 2,236,344	\$ 1,903,923
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.0317000000%	0.0353000000%	0.0356000000%	0.0339000000%	0.0330000000%	0.0344000000%
\$ 5,613,769	\$ 11,440,988	\$ 10,591,063	\$ 5,194,071	\$ 4,475,632	\$ 4,387,968
<u>767,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,381,376</u>	<u>\$ 11,440,988</u>	<u>\$ 10,591,063</u>	<u>\$ 5,194,071</u>	<u>\$ 4,475,632</u>	<u>\$ 4,387,968</u>
\$ 1,757,008	\$ 1,693,983	\$ 1,601,884	\$ 1,556,819	\$ 1,439,809	\$ 1,345,399
319.51%	675.39%	661.16%	333.63%	310.85%	326.15%
43.96%	43.13%	59.20%	62.80%	64.06%	0.00%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 349,627	\$ 336,116	\$ 320,003	\$ 294,527	\$ 276,322	\$ 243,349
<u>(349,627)</u>	<u>(336,116)</u>	<u>(320,003)</u>	<u>(294,527)</u>	<u>(276,322)</u>	<u>(243,349)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,804,061	\$ 1,757,008	\$ 1,693,983	\$ 1,601,884	\$ 1,556,819	\$ 1,439,809
19.38%	19.13%	18.89%	18.39%	17.75%	16.90%

LA VETA SCHOOL DISTRICT RE-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2024

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
District's Proportion of the Net OPEB Liability	0.0214387089%	0.0220000000%	0.0200000000%
District's Proportionate Share of the Net OPEB Liability	\$ 153,014	\$ 190,152	\$ 185,999
District's Covered Payroll	\$ 2,369,080	\$ 2,236,344	\$ 1,903,923
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8.50%	9.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39.40%	32.78%
	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
FISCAL YEAR			
DISTRICT CONTRIBUTIONS	\$ 23,277	\$ 24,083	\$ 22,811
Contributions in Relation to the Statutorily Required Contribution	<u>(23,277)</u>	<u>(24,083)</u>	<u>(22,811)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,282,037	\$ 2,361,102	\$ 2,236,344
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0200000000%	0.0210000000%	0.0201000000%	0.0202000000%
\$ 223,234	\$ 280,374	\$ 261,264	\$ 262,151
\$ 1,804,061	\$ 1,757,008	\$ 1,693,983	\$ 1,601,884
12.37%	15.96%	15.42%	16.37%
24.49%	17.03%	17.53%	16.72%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 19,420	\$ 18,401	\$ 17,921	\$ 17,279
<u>(19,420)</u>	<u>(18,401)</u>	<u>(17,921)</u>	<u>(17,279)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,903,923	\$ 1,804,061	\$ 1,757,008	\$ 1,693,983
1.02%	1.02%	1.02%	1.02%

LA VETA SCHOOL DISTRICT RE-2
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the School Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

STDF Plan - 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.

HCTF Plan - 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.

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION

LA VETA SCHOOL DISTRICT RE-2
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	CAPITAL RESERVE	FOOD SERVICE	PUPIL ACTIVITY	TOTAL
ASSETS				
Cash and Investments	\$ 86,910	\$ 23,789	\$ 113,623	\$ 224,322
Accounts Receivable	-	-	479	479
Inventories	-	12,387	-	12,387
	-	12,387	-	12,387
TOTAL ASSETS	\$ 86,910	\$ 36,176	\$ 114,102	\$ 237,188
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 18	\$ -	\$ 18
Accrued Salaries and Benefits	-	6,320	-	6,320
Unearned Revenue	-	4,284	-	4,284
	-	4,284	-	4,284
TOTAL LIABILITIES	-	10,622	-	10,622
FUND BALANCES				
Nonspendable Inventory	-	12,387	-	12,387
Committed for Capital Outlay	86,910	-	-	86,910
Assigned to:				
Food Services	-	13,167	-	13,167
Student Activities	-	-	114,102	114,102
	-	-	114,102	114,102
TOTAL FUND BALANCES	86,910	25,554	114,102	226,566
TOTAL LIABILITIES AND FUND BALANCES	\$ 86,910	\$ 36,176	\$ 114,102	\$ 237,188

LA VETA SCHOOL DISTRICT RE-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	<u>CAPITAL RESERVE</u>	<u>FOOD SERVICE</u>	<u>PUPIL ACTIVITY</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ -	\$ 6,919	\$ 126,419	\$ 133,338
State Sources	-	26,107	-	26,107
Federal Sources	-	94,960	-	94,960
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	127,986	126,419	254,405
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
Instruction	-	-	89,227	89,227
Food Services	-	200,983	-	200,983
Capital Outlay	43,090	-	-	43,090
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	43,090	200,983	89,227	333,300
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,090)	(72,997)	37,192	(78,895)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES				
Transfers In	113,637	94,000	-	207,637
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN FUND BALANCES	70,547	21,003	37,192	128,742
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Beginning	16,363	4,551	76,910	97,824
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Ending	\$ 86,910	\$ 25,554	\$ 114,102	\$ 226,566
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

LA VETA SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 436,000	\$ 436,000	\$ 395,412	\$ (40,588)
Investment Income	500	500	15,715	15,215
Other	50	-	-	-
TOTAL REVENUES	436,550	436,500	411,127	(25,373)
EXPENDITURES				
Debt Service				
Principal	220,000	220,000	220,000	-
Interest	202,800	202,800	202,800	-
Fees and Charges	1,000	1,000	900	100
TOTAL EXPENDITURES	423,800	423,800	423,700	100
CHANGE IN FUND BALANCE	12,750	12,700	(12,573)	(25,273)
FUND BALANCE, Beginning	410,024	410,024	486,292	76,268
FUND BALANCE, Ending	<u>\$ 422,774</u>	<u>\$ 422,724</u>	<u>\$ 473,719</u>	<u>\$ 50,995</u>

LA VETA SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
EXPENDITURES				
Capital Outlay	130,000	130,000	43,090	86,910
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(130,000)	(130,000)	(43,090)	86,910
OTHER FINANCING SOURCES				
Transfers In	113,637	113,637	113,637	-
CHANGE IN FUND BALANCE	(16,363)	(16,363)	70,547	86,910
FUND BALANCE, Beginning	16,363	16,363	16,363	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 86,910	\$ 86,910

LA VETA SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Fees	\$ 4,500	\$ 8,700	\$ 6,919	\$ (1,781)
State Grants	11,450	19,350	26,107	6,757
Federal Grants	76,875	83,547	94,960	11,413
TOTAL REVENUES	92,825	111,597	127,986	16,389
EXPENDITURES				
Current				
Salaries	61,200	76,800	71,622	5,178
Benefits	34,410	37,973	35,750	2,223
Purchased Services	1,000	1,500	778	722
Supplies and Materials	67,244	90,203	92,833	(2,630)
Other	750	750	-	750
TOTAL EXPENDITURES	164,604	207,226	200,983	6,243
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,779)	(95,629)	(72,997)	22,632
OTHER FINANCING SOURCES (USES)				
Transfers In	70,000	94,000	94,000	-
CHANGE IN FUND BALANCE	(1,779)	(1,629)	21,003	22,632
FUND BALANCE, Beginning	10,440	4,551	4,551	-
FUND BALANCE, Ending	<u>\$ 8,661</u>	<u>\$ 2,922</u>	<u>\$ 25,554</u>	<u>\$ 22,632</u>

LA VETA SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ 21,818	\$ 21,818	\$ 126,419	\$ 104,601
EXPENDITURES				
Current				
Instruction	83,717	100,864	89,227	11,637
CHANGE IN FUND BALANCE	(61,899)	(79,046)	37,192	116,238
FUND BALANCE, Beginning	79,046	79,046	76,910	(2,136)
FUND BALANCE, Ending	\$ 17,147	\$ -	\$ 114,102	\$ 114,102

COMPLIANCE SECTION

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1400 - La Veta Re-2
 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	1,159,344	4,622,959	4,530,446	1,251,857
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	41,667	11,838	53,506	0
Sub- Total	1,201,011	4,634,797	4,583,951	1,251,857
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	4,551	202,563	181,559	25,554
22 Govt Designated-Purpose Grants Fund	-3	0	-3	0
23 Pupil Activity Special Revenue Fund	76,328	126,519	88,745	114,102
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	486,291	411,128	423,700	473,719
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	16,363	113,637	43,090	86,910
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	1,784,543	5,488,643	5,321,043	1,952,143
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

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