

**LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
TRINIDAD, COLORADO**

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

JUNE 30, 2024

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Las Animas County School District RE-1
Trinidad, 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 Las Animas County School District RE-1 (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.

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 nonmajor combining and individual fund statements, budgetary comparison schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2025, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

January 24, 2025
Bailey, Colorado

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS-WORKING

This discussion and analysis of Trinidad School District #1’s financial performance provides an overall review of the District’s financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader’s understanding of the District’s overall financial performance.

Las Animas County School District RE-1 (Trinidad School District 1) is located in southern Colorado along the I-25 corridor. This district has a funded pupil count of 799.9 based on three-year state averaging as of October 1, 2023, compared to 840.5 the prior year.

FINANCIAL HIGHLIGHTS

Funding from the Public School Finance Act totaled \$6,661,209 for 2023-2024 compared to \$6,962,965 the prior year. Public School Finance Act funding decreased by \$301,756 due to a decrease in per pupil funding. Public School Finance Act funding makes up 38% of the district’s governmental fund revenue (excluding the BEST grant) reported on the Fund Financial Statements. The share of property taxes collected at the local level is \$3,216,065 for 2023-2024 compared to \$2,680,468 the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District’s basic financial statements consist of three components:

- 1) Districtwide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

This report also contains the required supplementary and other additional information in addition to the basic financial statements.

Districtwide Financial Statements

The Districtwide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business. They consist of two statements:

- 1) The Statement of Net Position presents information on all the district’s assets, deferred flows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- 2) The Statement of Activities presents information reporting how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both Districtwide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or significant portion of their costs through user fees and charges (business-type activities).

Governmental Activities-these activities are financed through local revenues including property taxes, state revenues made up primarily of state equalization under the Public-School Finance Act, and grants from local, state, and federal sources. Expenditures are classified by programs (also known as functions), which include instruction, student support, instructional staff support, district and school administration, business and central services, transportation, facilities operation and maintenance, food service, other support, capital outlay, debt service and amortization of pension costs.

Business Type Activities-For the current fiscal year, the District has no business type activities.

The two statements report on the District's net position and changes in net position. The change in net position is important because it identifies whether the financial position of the district has improved or diminished as a whole. This change could be a result of many factors including state funding changes, enrollment levels, interest rates, facility conditions, unfunded mandated programs, and numerous other factors.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories:

- Governmental
- Proprietary
- Fiduciary

Governmental funds account for essentially the same functions reported as governmental activities in the districtwide financial statements. Unlike the districtwide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed short-term view of the District's general government operations and may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than districtwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the districtwide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund Balance Sheet and the Statement of Reserves, Expenditures and Changes in Fund Balance.

The District maintains six individual governmental funds including General Fund, Designated Purpose Grants Fund, Food Service Fund, Student Activities (Co-curricular) Fund, Building Capital Project Fund, and the Debt Service Bond Redemption Fund. Information is presented separately in the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance for the

District's major funds. Data from other non-major governmental funds are combined into a single, aggregated presentation. Combining statements for the individual non-major governmental funds are presented elsewhere in the report.

Proprietary funds are Enterprise funds used to report the same functions presented as business-type activities in the districtwide financial statements. The District has no proprietary funds.

Fiduciary funds are to be used to account for resources held for the benefit of others. Fiduciary funds are not reported in the districtwide financial statements because the resources of those funds are not available for the support of the District's own programs. The District currently has no Custodial Funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of data provided in the districtwide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule is provided for each fund to demonstrate compliance with the budget.

DISTRICTWIDE FINANCIAL ANALYSIS

Statement of Net Position

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

Comparative data for the 2023-2024 and 2022-2023 fiscal years are presented below:

	June 30, 2024	June 30, 2023	Net Change
Assets			
Current and other	15,815,159	14,395,587	1,419,572
Capital (net)	26,290,969	21,747,936	4,543,033
Total Assets	42,106,128	36,143,523	5,962,605
Deferred Outflow of Resources			
Deferred Pension	3,818,661	2,731,947	1,086,714
Other Post Employment Benefits	62,497	85,261	(22,764)
Total Deferred Outflow of Resources	3,881,158	2,817,208	1,063,950
Liabilities			
Current	3,350,825	1,859,315	1,491,510
Non-current (debt)	22,688,863	21,052,857	1,636,006
Total Liabilities	26,039,688	22,912,172	3,127,516
Deferred Inflow of Resources			
Deferred Pension	1,261,718	2,448,894	(1,187,176)
Other Post Employment Benefits	202,674	268,607	(65,933)
Total Deferred Inflow of Resources	1,464,392	2,717,501	(1,253,109)
Net Position			
Net Investment in Capital Assets	19,100,095	14,912,936	4,187,159
Restricted	3,420,584	5,158,544	(1,737,960)
Unrestricted	-4,037,023	-6,740,422	2,703,399
Total Net Position	18,483,656	13,331,058	5,152,598

Highlights from the Statement of Net Position

- Current assets increased by \$1,419,572 due to reductions in COVID-19 stimulus funds.
- Capital assets increased by \$4,543,033 due to renovation of the high school and purchase of vehicles.
- Current liabilities increased by \$1,491,510.
- Noncurrent liabilities increased by \$1,636,006.
- Deferred outflow of resources increased \$1,063,950 while deferred inflows decreased \$1,253,109.

Statement of Activities

The Statement of activities presents information regarding how the District's net position changed during the fiscal year.

	June 30, 2024	June 30, 2023	Net Change
PROGRAM REVENUES			
Charges for Services	186,218	85,923	100,295
Operating Grants/Contributions	4,068,387	3,602,729	465,658
Capital Grants/Contributions	2,683,579	548,511	2,135,068
GENERAL REVENUES			
Property Taxes	3,216,065	2,680,468	535,597
Specific Ownership Tax	424,207	459,182	(34,975)
State Equalization	6,661,209	6,962,965	(301,756)
Earnings on Investment	296,570	162,381	134,189
Other Revenues	56,464	100,994	(44,530)
Changes in Pension & OPEB	Reallocated	944,319	(944,319)
Gain on Sale of Assets	73,783	366,254	73,783
TRANSFERS			
Total Revenue & Transfers	17,666,482	15,913,726	2,119,010
EXPENDITURES			
INSTRUCTION	6,008,143	6,960,745	(952,602)
SUPPORT SERVICES	5,760,615	5,525,965	234,650
Food Service	573,016	563,996	9,020
Interest on Long Term Debt	172,110	185,546	(13,436)
Total Expenditures/Expense	12,513,884	13,236,252	(722,368)
Change in Net Position	5,152,598	2,677,474	2,475,124
Net Position-Beginning	13,331,058	10,653,584	2,677,474
Net Position-Ending	18,483,656	13,331,058	5,152,598

Highlights from the Statement of Activities

- Net position increased by \$5,152,598 during 2023-2024 compared to 2,677,474 the prior year.
- Revenues increased \$2,119,010 primarily due to increase in capital grants/contributions (BEST Grant) as well as changes in pension & OPEB.

- Expenditures decreased by \$722,368 because of increased along with higher operational requirements.

GOVERNMENTAL FUNDS

The primary source of operating revenue for the district is the Public-School Finance Act whereby the district received per pupil funding of \$11,967 for 2023-2024 compared to \$10,461 the prior year. The district’s average funded pupil count for 2023-2024 was 799.9 compared to 840.5 for 2022-2023. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization. The district also receives a significant portion of its revenue from local, state, and federal grants. The district uses these sources to fund its programs, related services, and service debt.

The table below shows the approximate percentages for revenue sources and uses from governmental activities:

SOURCE OF REVENUE	2023-2024	2022-2023	
State Equalization	6,661,209	6,962,965	38%
Property Tax	3,216,065	2,680,468	18%
Specific Ownership Tax	424,207	459,182	2%
Grants	4,068,387	3,602,729	23%
All other	3,205,328	2,208,382	18%
	17,575,196	15,913,726	100%

USE OF REVENUE	2023-2024	2022-2023	
Instruction	5,266,857	5,271,288	30%
Support Services	6,458,504	4,276,312	36%
Debt Service	561,125	548,511	3%
Capital Outlay	5,490,253	3,140,141	31%
Other			
	17,776,739	13,236,252	100%

Sources of revenues increased to \$17,575,196 for 2023-2024 compared to \$15,913,726 the prior year.

Use of revenues changed significantly from the prior year due to changes in liabilities, inflows and outflows related to the district’s share of PERA pension and other post-employment benefits reported as other expenses. Total use of revenues increased to \$17,776,739 for 2023-2024 compared to \$13,236,252 the prior year. Expenditures for instruction and support services has increased over the past year.

The governmental expenditures schedule below shows Total Cost of Service compared to Net Cost of Service after allocating charges for services and grants and contributions to the area of service that generated the revenue. Total costs for services has decreased over the prior year by \$(722,368).

	2023-2024	2022-2023	2021-2022	2021-2022
	Total Cost of Service	Total Cost of Service	Total Cost of Service	Net Cost of Service
Instructional Services	6,008,143	6,960,745	5,933,664	4,013,566
Students	1,520,905	1,483,374	1,184,642	392,178
Instructional Staff	183,800	193,431	168,364	164,842
District Administration	351,015	324,887	333,872	327,985
School Administration	987,533	958,510	797,934	781,441
Business	283,007	268,919	322,772	318,388
Operations and Maintenance	1,489,499	1,267,840	1,117,973	947,581
Transportation	411,918	400,545	316,392	311,911
Central	532,938	628,459	529,967	528,260
Food Service	573,016	509,157	460,544	(120,093)
Other	0	54,839	9,335	9,335
Capital Outlay	0	0	374,032	(1,385,882)
Interest on Long Term Liability	172,110	185,546	207,975	207,975
Total	12,513,884	13,236,252	11,757,466	6,497,487

BUSINESS-TYPE ACTIVITIES

The District did not have any business-type activities in the 2023-2024 fiscal year.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The District owns land with a carrying value of \$712,780 and building and improvements capitalized at \$35,301,323 as of June 30, 2024. Vehicles and equipment totaled \$2,948,403. Food service equipment totaled \$530,707. Construction in progress at year end was \$5,575,940. The net carrying value of capital assets after subtracting accumulated depreciation is \$18,778,184. Depreciation for 2023-2024 totaled \$1,028,848.

Long-term debt: GO Bond Series 2020 was issued in the amount of \$7,345,000 to be set as the District match for a BEST Grant. The balance at year end was \$6,560,000. See notes to the financial statements for additional information regarding annual payments under these debt obligations.

BUDGET HIGHLIGHTS

District budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The district amended its budgets during the year to reflect unexpected increase in revenue and other changes deemed material. Budget presentations include both original and final budgets for the fiscal year. Revenues in the General Fund were \$56,644 more than expected. Expenditures were less than the amount budgeted, a favorable variance of \$1,585,508.

Subsequent Events Looking Ahead

Trinidad School District has been awarded FY2024-2025 BEST Cash Grant in the amount of \$3,466,880.72 with a Grantee Match Amount of \$2,036,104.55. This grant will allow for improvements to be made on Fisher's Peak Elementary School roof and HVAC System.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be in writing addressed to Superintendent Dr. Bonnie Aaron at:

Trinidad School District #1
612 Park Street
Trinidad, CO 81082
719-846-3324

BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

STATEMENT OF NET POSITION

June 30, 2024

	<u>PRIMARY</u> <u>GOVERNMENT</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 12,194,888
Accounts Receivable	28,595
Grants Receivable	2,855,196
Taxes Receivable	729,194
Inventories	7,286
Capital Assets, <i>Not Being Depreciated</i>	6,288,720
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>20,002,249</u>
TOTAL ASSETS	<u>42,106,128</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	3,818,661
OPEB, <i>Net of Accumulated Amortization</i>	<u>62,947</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,881,608</u>
LIABILITIES	
Accounts Payable	2,388,530
Accrued Salaries and Benefits	761,773
Unearned Revenue	177,326
Accrued Interest Payable	23,196
Noncurrent Liabilities	
Due Within One Year	290,000
Due in More Than One Year	7,657,102
Net Pension Liability	14,394,496
Net OPEB Liability	<u>347,265</u>
TOTAL LIABILITIES	<u>26,039,688</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	1,261,718
OPEB, <i>Net of Accumulated Amortization</i>	<u>202,674</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,464,392</u>
NET POSITION	
Net Investment in Capital Assets	19,100,095
Restricted for:	
Universal Preschool Program	145,338
Debt Service	802,462
Emergencies	420,000
Capital Projects	1,711,082
Food Service	341,702
Unrestricted	<u>(4,037,023)</u>
TOTAL NET POSITION	<u>\$ 18,483,656</u>

See Notes to the Financial Statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION PRIMARY GOVERNMENT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 6,008,143	\$ 178,212	\$ 2,966,898	\$ -
Supporting Services	5,760,615	-	481,194	2,683,579
Food Services	573,016	8,006	620,295	-
Interest on Long-Term Debt	172,110	-	-	(172,110)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,513,884	\$ 186,218	\$ 4,068,387	\$ (5,575,700)
GENERAL REVENUES				
Property Taxes				3,216,065
Specific Ownership Taxes				424,207
State Equalization				6,661,209
Grants and Contributions not Restricted to Specific Programs				56,464
Investment Income				296,570
Gain (Loss) on Disposal of Capital Assets				73,783
TOTAL GENERAL REVENUES				10,728,298
CHANGE IN NET POSITION				5,152,598
NET POSITION, Beginning				13,331,058
NET POSITION, Ending				\$ 18,483,656

See Notes to the Financial Statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	GENERAL	GRANTS	BUILDING
ASSETS			
Cash and Investments	\$ 8,551,263	\$ -	\$ 2,429,497
Accounts Receivable	12,661	-	-
Taxes Receivable	594,438	-	-
Grants Receivable	4,065	1,447,117	1,404,014
Interfund Receivables	1,481,471	-	-
Inventories	-	-	-
	<u>10,643,898</u>	<u>1,447,117</u>	<u>3,833,511</u>
TOTAL ASSETS	\$ 10,643,898	\$ 1,447,117	\$ 3,833,511
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 126,271	\$ 134,445	\$ 2,122,429
Accrued Salaries and Benefits	685,802	60,156	-
Interfund Payables	-	1,252,516	-
Unearned Revenue	177,326	-	-
	<u>989,399</u>	<u>1,447,117</u>	<u>2,122,429</u>
TOTAL LIABILITIES	989,399	1,447,117	2,122,429
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	97,136	-	-
	<u>97,136</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Inventories	-	-	-
Restricted for:			
Capital Projects	-	-	1,711,082
Debt Service	-	-	-
Emergencies	420,000	-	-
Universal Preschool Program	145,338	-	-
Food Services	-	-	-
Committed:			
Scholarships	40,051	-	-
Contingencies	2,000,000	-	-
Unassigned	6,951,974	-	-
	<u>9,557,363</u>	<u>-</u>	<u>1,711,082</u>
TOTAL FUND BALANCES	9,557,363	-	1,711,082
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,643,898	\$ 1,447,117	\$ 3,833,511

NONMAJOR
GOVERNMENTAL

<u>DEBT SERVICE</u>	<u>FUNDS</u>	<u>TOTAL</u>
\$ -	\$ 1,214,128	\$ 12,194,888
-	15,934	28,595
-	134,756	729,194
-	-	2,855,196
-	-	1,481,471
-	7,286	7,286
-	1,372,104	17,296,630
\$ -	\$ 1,372,104	\$ 17,296,630
\$ -	\$ 5,385	\$ 2,388,530
-	15,815	761,773
-	228,955	1,481,471
-	-	177,326
-	250,155	4,809,100
-	23,815	120,951
-	7,286	7,286
-	-	1,711,082
-	802,462	802,462
-	-	420,000
-	-	145,338
-	341,702	341,702
-	-	40,051
-	-	2,000,000
-	(53,316)	6,898,658
-	1,098,134	12,366,579
\$ -	\$ 1,372,104	\$ 17,296,630

See Notes to the Financial Statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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	\$	12,366,579
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		26,290,969
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.		120,951
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(23,196)
Bonds Payable and Bond Premium, <i>Net of Accumulated Amortization</i>		(7,497,942)
Accrued Compensated Absences		(449,160)
Net Pension Liability		(14,394,496)
Pension-Related Deferred Outflows of Resources		3,818,661
Pension-Related Deferred Inflows of Resources		(1,261,718)
Net OPEB Liability		(347,265)
OPEB-Related Deferred Outflows of Resources		62,947
OPEB-Related Deferred Inflows of Resources		<u>(202,674)</u>
Total Net Position of Governmental Activities	\$	<u><u>18,483,656</u></u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	GRANTS	BUILDING
REVENUES			
Local Sources	\$ 3,322,841	\$ -	\$ 158,478
County Sources	21,274	-	-
State Sources	7,806,518	-	2,662,305
Federal Sources	-	2,258,615	-
	<u>11,150,633</u>	<u>2,258,615</u>	<u>2,820,783</u>
 TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	4,497,001	465,096	-
Supporting Services	4,773,949	1,117,984	-
Food Services	-	-	-
Capital Outlay	-	675,535	4,745,015
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
	<u>9,270,950</u>	<u>2,258,615</u>	<u>4,745,015</u>
 TOTAL EXPENDITURES			
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,879,683</u>	<u>-</u>	<u>(1,924,232)</u>
 OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Capital Assets	110,956	-	-
Transfers In	-	-	-
Transfers Out	(100,000)	-	-
	<u>10,956</u>	<u>-</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)			
 CHANGE IN FUND BALANCES	1,890,639	-	(1,924,232)
 FUND BALANCES, Beginning, as Originally Stated	7,666,724	-	3,635,314
RECLASSIFICATION, Major to Nonmajor	-	-	-
	<u>7,666,724</u>	<u>-</u>	<u>3,635,314</u>
FUND BALANCES, Beginning, as Reclassified			
	<u>7,666,724</u>	<u>-</u>	<u>3,635,314</u>
 FUND BALANCES, Ending	<u>\$ 9,557,363</u>	<u>\$ -</u>	<u>\$ 1,711,082</u>

<u>DEBT SERVICE</u>	NONMAJOR GOVERNMENTAL <u>FUNDS</u>	<u>TOTAL</u>
\$ -	\$ 724,870	\$ 4,206,189
-	-	21,274
-	57,638	10,526,461
-	<u>562,657</u>	<u>2,821,272</u>
-	<u>1,345,165</u>	<u>17,575,196</u>
-	304,760	5,266,857
-	-	5,891,933
-	566,571	566,571
-	69,703	5,490,253
-	275,000	275,000
-	<u>286,125</u>	<u>286,125</u>
-	<u>1,502,159</u>	<u>17,776,739</u>
-	<u>(156,994)</u>	<u>(201,543)</u>
-	-	110,956
-	100,000	100,000
-	-	<u>(100,000)</u>
-	<u>100,000</u>	<u>110,956</u>
-	(56,994)	(90,587)
754,477	1,155,128	13,211,643
<u>(754,477)</u>	<u>-</u>	<u>(754,477)</u>
-	<u>1,155,128</u>	<u>12,457,166</u>
<u>\$ -</u>	<u>\$ 1,098,134</u>	<u>\$ 12,366,579</u>

See Notes to the Financial Statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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	\$	(90,587)
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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 follows:

Depreciation Expense		(1,028,848)
Capital Outlay		5,609,054
Loss on Disposal of Capital Assets		(37,173)

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.		17,503
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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.		275,000
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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 related items as follows:		
Amortization of Bond Premiums		112,869

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		1,146
Accrued Compensated Absences		90,208
Net Pension Liability		(2,182,364)
Pension-Related Deferred Outflows of Resources		1,086,714
Pension-Related Deferred Inflows of Resources		1,187,176
Net OPEB Liability		68,281
OPEB-Related Deferred Outflows of Resources		(22,314)
OPEB-Related Deferred Inflows of Resources		65,933

Change in Net Position of Governmental Activities	\$	<u><u>5,152,598</u></u>
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LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Las Animas County School District RE-1 (the District) conform to generally accepted accounting principles 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. 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.

The financial statements of the District do not include any separately administered organizations.

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 accounted for in another fund.

The *Grants Fund* is used to account for the activities of the District's federally-funded grants.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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 *Building Fund* is used to account for the resources accumulated for the funding of the District's school improvements and construction of new school buildings, primarily the proceeds obtained from the issuance of the general obligation bonds.

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 180 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.

Cash and Investments – The District uses separate bank accounts for each fund and for individual programs within the General Fund. Investments are reported at fair value.

Receivables - All 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.

Interfund Receivables and Payables - Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*.

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Fund Balances / Net Position

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.

Building	15 - 40 years
Site Improvements	15 - 20 years
Vehicles and Equipment	5 - 15 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 September to August 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 - Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources. In addition, this separate financial statement element represents acquisition of net assets that apply to future periods and so will not be recognized as an inflow of resources until then.

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 up to 90 days of leave depending on their years of experience with the District. Unused vacation benefits are paid upon termination according to a formula based on the employee's per diem rate and years of service with the District

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Fund Balances / Net Position

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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	\$ 1,000
Deposits	7,669,086
Investments	4,524,802
Total	\$ 12,194,888

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 \$7,358,887 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

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).

Fair Value Measurements - At June 30, 2024, the District’s investments in the local government investment pool and money market were reported at the net asset value per share. At June 30, 2024, the District had \$691,521 invested in a Morgan Stanley Treasury Portfolio held by UMB in trust. The Treasury Portfolio was rated AAAM by Standard and Poor’s.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

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.

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.

Local Government Investment Pool - At June 30, 2024, the District had \$3,833,281 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE 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 CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7. CSAFE is measured at the net asset value per share, with each share valued at \$1. CSAFE is rated AAAM by Standard and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Interfund Balances and Transfers

At June 30, 2024, the General Fund temporarily subsidized expenditures of the Grants Fund and the Student Activity Fund in the amount of \$1,212,452 and \$228,955, respectively, which was repaid after year-end.

During the year ended June 30, 2024, the District transferred \$100,000 from the General Fund to the Student Activity Fund to subsidize student activities.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4: 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	\$ 712,780	\$ -	\$ -	\$ 712,780
Construction in Progress	831,137	4,744,803	-	5,575,940
Total Capital Assets, Not Being Depreciated	<u>1,543,917</u>	<u>4,744,803</u>	<u>-</u>	<u>6,288,720</u>
Capital Assets, Being Depreciated:				
Buildings	33,720,568	-	6,180	33,714,388
Site Improvements	1,333,574	253,361	-	1,586,935
Vehicles	1,469,331	405,376	210,071	1,664,636
Equipment	1,242,076	152,075	110,384	1,283,767
Food Service	494,700	53,439	17,432	530,707
Total Capital Assets, Being Depreciated	<u>38,260,249</u>	<u>864,251</u>	<u>344,067</u>	<u>38,780,433</u>
Less Accumulated Depreciation:				
Buildings	(14,819,045)	(782,225)	(6,180)	(15,595,090)
Site Improvements	(1,122,612)	(43,251)	-	(1,165,863)
Vehicles	(977,462)	(92,462)	(210,071)	(859,853)
Equipment	(693,745)	(93,990)	(73,384)	(714,351)
Food Service	(443,366)	(16,920)	(17,259)	(443,027)
Total Accumulated Depreciation	<u>(18,056,230)</u>	<u>(1,028,848)</u>	<u>(306,894)</u>	<u>(18,778,184)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,204,019</u>	<u>(164,597)</u>	<u>37,173</u>	<u>20,002,249</u>
Capital Assets, Governmental Activities, Net	<u>\$ 21,747,936</u>	<u>\$ 4,580,206</u>	<u>\$ 37,173</u>	<u>\$ 26,290,969</u>

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

Instruction	\$ 907,487
Supporting Services	104,441
Food Services	16,920
Total	<u>\$ 1,028,848</u>

NOTE 5: 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
Governmental Activities					
G.O. Bonds, Series 2020	\$ 6,835,000	\$ -	\$ 275,000	\$ 6,560,000	\$ 290,000
Bonds Premium, Series 2020	1,050,811	-	112,869	937,942	-
Compensated Absences	539,368	-	90,208	449,160	-
Total	<u>\$ 8,425,179</u>	<u>\$ -</u>	<u>\$ 478,077</u>	<u>\$ 7,947,102</u>	<u>\$ 290,000</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: Long-Term Debt (Continued)

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

In January of 2020, the District issued General Obligation Bonds in the amount of \$7,345,000. Interest on the bonds is 5% on maturities through 2028 and 4% on bonds maturing thereafter. Proceeds of this issue were provided to satisfy the \$4,509,402 cash match requirement of a Building Excellent Schools Today (BEST) capital construction grant of \$11,040,261 and to fund additional capital requirements of the District. Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 290,000	\$ 271,100	\$ 561,100
2026	300,000	256,350	556,350
2027	320,000	240,850	560,850
2028	335,000	224,475	559,475
2029	350,000	207,350	557,350
2030-2034	1,995,000	799,700	2,794,700
2035-2039	2,425,000	359,500	2,784,500
2040	545,000	10,900	555,900
Total	<u>\$ 6,560,000</u>	<u>\$ 2,370,225</u>	<u>\$ 8,930,225</u>

NOTE 6: 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.

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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. 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 \$1,165,025, 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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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

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.

At December 31, 2023, the District's proportion was 0.0814010766%, which was an increase of 0.0143363277% 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	\$ 14,394,496
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>315,629</u>
Total	<u><u>\$ 14,710,125</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$1,026,257 and a revenue of (\$24,048) 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	\$ 682,573	\$ -
Net difference between projected and actual earnings on plan investments	1,031,863	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,531,590	1,261,718
Contributions subsequent to the measurement date	<u>572,635</u>	<u>-</u>
Total	<u><u>\$ 3,818,661</u></u>	<u><u>\$ 1,261,718</u></u>

District contributions subsequent to the measurement date of \$572,635 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:

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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)

Year Ended June 30,

2025	\$	8,876
2026		1,082,480
2027		1,180,663
2028		(287,711)
Total	\$	1,984,308

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

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)

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.

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	<u>6.00%</u>	4.70%
Total	<u><u>100.00%</u></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%.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

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)

- 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.
- 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:

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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)

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
Proportionate share of the net pension liability	<u>\$ 19,247,836</u>	<u>\$ 14,394,496</u>	<u>\$ 10,347,398</u>

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, 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 \$58,308, equal to the required amount.

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

At June 30, 2024, the District reported a net OPEB liability of \$347,265, 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 0.0486552187%, which was a decrease of 0.0022397167% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$50,454). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 71,176
Changes of assumptions and other inputs	4,084	36,821
Net difference between projected and actual earnings on plan investments	10,742	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,461	94,677
Contributions subsequent to the measurement date	<u>28,660</u>	<u>-</u>
Total	<u>\$ 62,947</u>	<u>\$ 202,674</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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 \$28,660 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	\$ (72,891)
2026	(37,888)
2027	(16,027)
2028	(28,278)
2029	(10,480)
2030	<u>(2,823)</u>
Total	<u>\$ (168,387)</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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

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
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
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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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:

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

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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:

	1% Decrease in Trend Rates	Current Trend Rates (7.25%)	1% Increase in Trend Rates
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	\$ 337,298	\$ 347,265	\$ 358,107

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 410,163	\$ 347,265	\$ 293,455

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 9: Commitments and Contingencies (Continued)

Tabor Amendment (Continued)

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 \$420,000.

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: Jointly Governed Organization

The District, in conjunction with other surrounding districts, participates 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 BOCES board is comprised of one member from each participating district. During the year ended June 30, 2024, the District contributed \$147,689 to the BOCES. Separate financial statements for the BOCES are available at <https://www.sc-boces.org/>.

REQUIRED SUPPLEMENTARY INFORMATION

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 2,862,373	\$ 3,107,575	\$ 3,322,841	\$ 215,266
County Sources	22,486	31,387	21,274	(10,113)
State Grants	7,861,844	7,955,027	7,806,518	(148,509)
TOTAL REVENUES	10,746,703	11,093,989	11,150,633	56,644
EXPENDITURES				
Current				
Instruction	5,485,495	5,145,968	4,497,001	648,967
Supporting Services				
Students	5,664,432	656,829	526,084	130,745
Instructional Staff	-	176,607	183,800	(7,193)
General Administration	-	364,449	351,015	13,434
School Administration	-	1,032,479	987,533	44,946
Business Services	-	298,123	283,007	15,116
Operations and Maintenance	-	1,581,607	1,489,499	92,108
Student Transportation	-	674,689	411,918	262,771
Central Support	-	917,552	532,938	384,614
Community Services	-	50,080	8,155	41,925
Total Supporting Services	5,664,432	5,752,415	4,773,949	936,541
TOTAL EXPENDITURES	11,149,927	10,898,383	9,270,950	1,585,508
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(403,224)	195,606	1,879,683	1,684,077
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	110,956	110,956
Transfers Out	(245,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(245,000)	(100,000)	10,956	110,956
CHANGE IN FUND BALANCE	(648,224)	95,606	1,890,639	1,795,033
FUND BALANCE, Beginning	7,686,498	7,686,498	7,666,724	(19,774)
FUND BALANCE, Ending	<u>\$ 7,038,274</u>	<u>\$ 7,782,104</u>	<u>\$ 9,557,363</u>	<u>\$ 1,775,259</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
State Grants	\$ 730,836	\$ -	\$ -	\$ -
Federal Grants	-	2,227,821	2,258,615	30,794
TOTAL REVENUES	<u>730,836</u>	<u>2,227,821</u>	<u>2,258,615</u>	<u>30,794</u>
EXPENDITURES				
Current				
Instruction	352,392	1,925,897	465,096	1,460,801
Supporting Services				
Salaries	378,444	79,067	322,586	(243,519)
Benefits	-	15,191	82,497	(67,306)
Purchased Services	-	7,834	381,234	(373,400)
Supplies and Materials	-	85,212	215,535	(130,323)
Other	-	45,620	116,132	(70,512)
Capital Outlay	-	69,000	675,535	(606,535)
TOTAL EXPENDITURES	<u>730,836</u>	<u>2,227,821</u>	<u>2,258,615</u>	<u>(30,794)</u>
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
Year Ended June 30, 2024

MEASUREMENT DATE	<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	0.0814010766%	0.0670647489%	0.0866037010%	0.0924802545%
District's Proportionate Share of the Net Pension Liability	\$ 14,394,496	\$ 10,078,390	\$ 13,981,149	\$ 12,938,551
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>315,629</u>	<u>1,155,359</u>	<u>-</u>	<u>1,641,088</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 14,710,125</u>	<u>\$ 11,233,749</u>	<u>\$ 13,981,149</u>	<u>\$ 14,579,639</u>
District's Covered Payroll	\$ 5,376,634	\$ 5,417,441	\$ 4,914,159	\$ 5,074,142
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267.72%	186.04%	284.51%	254.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.74%	74.86%	66.99%	64.52%
FISCAL YEAR				
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 1,165,025	\$ 1,110,713	\$ 1,076,988	\$ 976,897
Contributions in Relation to the Statutorily Required Contribution	<u>(1,165,025)</u>	<u>(1,110,713)</u>	<u>(1,076,988)</u>	<u>(976,897)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,716,493	\$ 5,450,016	\$ 5,417,441	\$ 4,914,159
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>
0.0866046763%	0.0978479505%	0.1232972210%	0.1292853858%	0.1307602963%	0.1229775951%
\$ 17,325,989	\$ 39,869,939	\$ 38,493,259	\$ 19,998,864	\$ 16,667,595	\$ 17,198,752
<u>2,369,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 19,695,077</u>	<u>\$ 39,869,939</u>	<u>\$ 38,493,259</u>	<u>\$ 19,998,864</u>	<u>\$ 16,667,595</u>	<u>\$ 17,198,752</u>
\$ 5,303,723	\$ 5,324,272	\$ 5,890,683	\$ 5,760,446	\$ 5,411,409	\$ 5,126,183
326.68%	748.83%	653.46%	347.18%	308.01%	335.51%
57.01%	43.96%	43.13%	59.16%	62.80%	64.06%
<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>
\$ 983,369	\$ 1,014,695	\$ 1,005,251	\$ 1,085,056	\$ 1,021,830	\$ 914,944
<u>(983,369)</u>	<u>(1,014,695)</u>	<u>(1,005,251)</u>	<u>(1,085,056)</u>	<u>(1,021,830)</u>	<u>(914,944)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,074,142	\$ 5,303,723	\$ 5,324,272	\$ 5,890,683	\$ 5,760,446	\$ 5,411,409
19.38%	19.13%	18.88%	18.42%	17.74%	16.91%

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND

Year Ended June 30, 2024

MEASUREMENT DATE	<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	0.0486552187%	0.0508949354%	0.0565456026%
 District's Proportionate Share of the Net OPEB Liability	\$ 347,265	\$ 487,596	\$ 508,483
 District's Covered Payroll	\$ 5,376,634	\$ 5,417,441	\$ 4,914,159
 District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6.46%	9.00%	10.35%
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.16%	39.40%	32.78%
 FISCAL YEAR	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
DISTRICT CONTRIBUTIONS			
Statutorily Required Contribution	\$ 58,308	\$ 55,590	\$ 55,258
 Contributions in Relation to the Statutorily Required Contribution	<u>(58,308)</u>	<u>(55,590)</u>	<u>(55,258)</u>
 Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's Covered Payroll	\$ 5,716,493	\$ 5,450,016	\$ 5,417,441
 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, presentation will be shown 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>
0.0535119032%	0.0566085111%	0.0636016569%	0.0700570329%
\$ 636,279	\$ 865,327	\$ 910,461	\$ 952,777
\$ 5,074,142	\$ 5,303,723	\$ 5,324,272	\$ 5,890,683
12.54%	16.32%	17.10%	16.17%
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>
\$ 50,123	\$ 51,756	\$ 54,098	\$ 54,308
<u>(50,123)</u>	<u>(51,756)</u>	<u>(54,098)</u>	<u>(54,308)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,914,159	\$ 5,074,142	\$ 5,303,723	\$ 5,324,272
1.02%	1.02%	1.02%	1.02%

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
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.

Budget Compliance

At June 30, 2024, the District's Grants Fund and Food Service Fund actual expenditures/expenses exceeded budgeted appropriations by \$30,794 and \$231,071, respectively. This may be a violation of state statutes.

Accountability

At June 30, 2024, the District's Student Activity Fund actual and budgeted fund balance had a negative balance in the amount of \$53,316 and \$200,114, respectively, which exceeded available resources. This may be a violation of state statutes.

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	FOOD SERVICE	DEBT SERVICE	STUDENT ACTIVITY	TOTAL
ASSETS				
Cash and Investments	\$ 343,883	\$ 691,521	\$ 178,724	\$ 1,214,128
Accounts Receivable	15,934	-	-	15,934
Taxes Receivable	-	134,756	-	134,756
Inventories	7,286	-	-	7,286
		-		
TOTAL ASSETS	\$ 367,103	\$ 826,277	\$ 178,724	\$ 1,372,104
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 2,300	\$ -	\$ 3,085	\$ 5,385
Accrued Salaries and Benefits	15,815	-	-	15,815
Interfund Payable	-	-	228,955	228,955
TOTAL LIABILITIES	18,115	-	232,040	250,155
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	23,815	-	23,815
FUND BALANCES				
Nonspendable Inventories	7,286	-	-	7,286
Restricted for:				
Debt Service	-	802,462	-	802,462
Food Services	341,702	-	-	341,702
Unassigned	-	-	(53,316)	(53,316)
TOTAL FUND BALANCES	348,988	802,462	(53,316)	1,098,134
TOTAL LIABILITIES AND FUND BALANCES	\$ 367,103	\$ 802,462	\$ 178,724	\$ 1,348,289

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	<u>FOOD SERVICE</u>	<u>DEBT SERVICE</u>	<u>STUDENT ACTIVITY</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ 8,006	\$ 609,110	\$ 107,754	\$ 724,870
State Sources	57,638	-	-	57,638
Federal Sources	562,657	-	-	562,657
TOTAL REVENUES	<u>628,301</u>	<u>609,110</u>	<u>107,754</u>	<u>1,345,165</u>
EXPENDITURES				
Current				
Instruction	-	-	304,760	304,760
Food Services	566,571	-	-	566,571
Capital Outlay	69,703	-	-	69,703
Debt Service				
Principal	-	275,000	-	275,000
Interest and Fiscal Charges	-	286,125	-	286,125
TOTAL EXPENDITURES	<u>636,274</u>	<u>561,125</u>	<u>304,760</u>	<u>1,502,159</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,973)	47,985	(197,006)	(156,994)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	100,000	100,000
CHANGE IN FUND BALANCES	(7,973)	47,985	(97,006)	(56,994)
FUND BALANCES, Beginning	<u>356,961</u>	<u>754,477</u>	<u>43,690</u>	<u>1,155,128</u>
FUND BALANCES, Ending	<u>\$ 348,988</u>	<u>\$ 802,462</u>	<u>\$ (53,316)</u>	<u>\$ 1,098,134</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Fees	\$ 7,000	\$ -	\$ 8,006	\$ 8,006
State Grants	3,000	203,102	57,638	(145,464)
Federal Grants	412,251	203,102	562,657	359,555
TOTAL REVENUES	422,251	406,204	628,301	222,097
EXPENDITURES				
Current				
Salaries	-	229,820	214,977	14,843
Benefits	-	64,652	58,310	6,342
Purchased Services	-	3,700	3,373	327
Supplies and Materials	-	98,531	289,911	(191,380)
Capital Outlay	-	8,500	69,703	(61,203)
TOTAL EXPENDITURES	-	405,203	636,274	(231,071)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	422,251	1,001	(7,973)	(8,974)
OTHER FINANCING SOURCES (USES)				
Transfers In	145,000	-	-	-
CHANGE IN FUND BALANCE	567,251	1,001	(7,973)	(8,974)
FUND BALANCE, Beginning	356,961	356,961	356,961	-
FUND BALANCE, Ending	<u>\$ 924,212</u>	<u>\$ 357,962</u>	<u>\$ 348,988</u>	<u>\$ (8,974)</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ 161,118	\$ -	\$ 104,662	\$ 104,662
Grants	-	-	1,500	1,500
Investment Income	3,000	-	1,592	1,592
TOTAL REVENUES	<u>164,118</u>	<u>-</u>	<u>107,754</u>	<u>107,754</u>
EXPENDITURES				
Current				
Instruction	264,118	343,804	304,760	39,044
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100,000)</u>	<u>(343,804)</u>	<u>(197,006)</u>	<u>146,798</u>
OTHER FINANCING SOURCES				
Transfers In	100,000	100,000	100,000	-
CHANGE IN FUND BALANCE	-	(243,804)	(97,006)	146,798
FUND BALANCE, Beginning	35,310	43,690	43,690	-
FUND BALANCE, Ending	<u>\$ 35,310</u>	<u>\$ (200,114)</u>	<u>\$ (53,316)</u>	<u>\$ 146,798</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 822,200	\$ 839,496	\$ 585,297	\$ (254,199)
Investment Income	1,100	-	23,813	23,813
TOTAL REVENUES	823,300	839,496	609,110	(230,386)
EXPENDITURES				
Debt Service				
Principal	510,000	-	275,000	(275,000)
Interest	311,350	837,546	285,225	552,321
Fees and Charges	1,950	1,950	900	1,050
TOTAL EXPENDITURES	823,300	839,496	561,125	278,371
CHANGE IN FUND BALANCE	-	-	47,985	47,985
FUND BALANCE, Beginning	754,477	754,477	754,477	-
FUND BALANCE, Ending	\$ 754,477	\$ 754,477	\$ 802,462	\$ 47,985

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ 47,043	\$ -	\$ 158,478	\$ 158,478
State Sources				
BEST Grant	<u>5,488,324</u>	<u>3,052,727</u>	<u>2,662,305</u>	<u>(390,422)</u>
TOTAL REVENUES	<u>5,535,367</u>	<u>3,052,727</u>	<u>2,820,783</u>	<u>(231,944)</u>
EXPENDITURES				
Capital Outlay	<u>5,770,399</u>	<u>6,105,454</u>	<u>4,745,015</u>	<u>1,360,439</u>
TOTAL EXPENDITURES	<u>5,770,399</u>	<u>6,105,454</u>	<u>4,745,015</u>	<u>1,360,439</u>
CHANGE IN FUND BALANCE	(235,032)	(3,052,727)	(1,924,232)	1,128,495
FUND BALANCE, Beginning	<u>3,635,314</u>	<u>3,635,314</u>	<u>3,635,314</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 3,400,282</u>	<u>\$ 582,587</u>	<u>\$ 1,711,082</u>	<u>\$ 1,128,495</u>

COMPLIANCE SECTION

SINGLE AUDIT

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

Board of Education
Las Animas County School District RE-1
Trinidad, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District RE-1 (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 and have issued our report thereon dated January 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, report on, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

DMC Auditing and Consulting, LLC

January 24, 2025
Bailey, Colorado

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Las Animas County School District RE-1
Trinidad, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated January 24, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

January 24, 2025
Bailey, Colorado

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2024

SECTION I: SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted?

- Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

- Yes No

Identification of major federal programs:

Federal Assistant Listing Number	Name of Federal Cluster/Program
84.425U (4414, 4429)	Elementary and Secondary School Emergency Relief (ESSER)

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

- Yes No

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS

2024-001: Material Audit Adjusting Journal Entries in the Financial Statements

Criteria: AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include an identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected and corrected by the entity's internal control.

Condition: We have identified a material errors in the financial statements for the fiscal year ended June 30, 2024, related to various adjustments including timing of BEST grant revenues and expenditures, debt service fund reclassification, and property tax accruals.

Cause: The internal controls related to property tax accruals, BEST grant reconciliations and accruals, and debt service reclassifications were not properly implemented. The District should reconcile and record the BEST grant accruals and record the property tax accruals prior to the start of the audit in order to avoid having material misstatements.

Effect: The District's financial statements were misstated and had material audit adjustments.

Repeat Finding: No.

Recommendation: We recommend that the District annually review and record the property tax accrual calculation, the BEST grant accrual and reconciliation, and make sure that the adjustments are made prior to the beginning of the annual audit.

Corrective Action Plan: Reported on page 55.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No current year findings or questioned costs were reported.



TRINIDAD SCHOOL DISTRICT #1.
607 MINER DRIVE
TRINIDAD, CO 81082
OFFICE: 719-846-3324
FAX: 719-846-2957

Kristen Armijo
CFO

January 22, 2025

Corrective Action Plan:

Finding: 2023-001

Type of Finding: Material Audit Adjusting Journal Entries in the Financial Statements

Trinidad School District had the following regarding internal controls:

- A material errors in the prior year financial statements related to various adjustments and accruals that were not properly implemented.

Trinidad School District concurs with finding 2023-001 and will implement the following corrective steps:

- The finance team will review year-end accruals and make sure balance sheet items are correctly stated prior to the audit.

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title I	84.010	4010,5010,6010	\$ 688,307
Supporting Effective Instruction	84.367	4367	83,143
Student Support and Academic Enrichment Program	84.424	4424	24,616
Rural and Low-Income School Program	84.358B	6358	27,538
Education Stabilization Fund (COVID-19 Education Stabilization Fund)			
American Rescue Plan - Elementary and Secondary School			
Emergency Relief (ARP ESSER)	84.425U	4414	1,256,191
Passed Through BOCES System			
American Rescue Plan -- Rural Co-Action	84.425U	4429	167,218
Education Stabilization Fund Total			<u>1,423,409</u>
Passed Through State Community Colleges System			
Career and Technical Education	84.048	4048	11,602
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,258,615</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education			
Local Food for Schools Cooperative Grant	10.185	4185	299
Supplemental Nutrition Assistance Program (SNAP)	10.551	4646	800
<i>Child Nutrition Cluster</i>			
School Breakfast Program (SBP)	10.553	4553	151,486
National School Lunch Program (NSLP)	10.555	4555	328,625
National School Lunch Program (Supply Chain Assistance (SCA))	10.555	6555	20,624
Summer Food Service Program for Children	10.559	4559	18,918
Passed through State Department of Human Services			
National School Lunch Program (Donated Commodities)	10.555	4555	41,905
<i>Child Nutrition Cluster Subtotal</i>			<u>561,558</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>562,657</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,821,272</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The District does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the District's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

NOTE 3: Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1580 - Trinidad 1
 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	7,656,724		11,097,404	9,206,764		9,557,364
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	7,656,724		11,097,404	9,206,764		9,557,364
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	356,961		625,539	633,512		348,987
22 Govt Designated-Purpose Grants Fund	0		2,258,616	2,258,616		0
23 Pupil Activity Special Revenue Fund	43,689		208,938	305,944		-53,316
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	754,477		609,110	561,125		802,462
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	3,635,314		2,820,783	4,745,014		1,711,083
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	12,457,164		17,620,390	17,710,975		12,366,579
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 prior period adjustment is added into both your ending and beginning fund balances on this report.