SOUTH ROUTT SCHOOL DISTRICT RE-3

OAK CREEK, COLORADO

FINANCIAL STATEMENTS

AND THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Education
South Routt School District RE-3
Oak Creek, 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 South Routt School District RE-3 (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.

Emphasis of Matter

As described in Note 11 to the financial statements, as of and for the year ended June 30, 2023, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 nonmajor fund statements, budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 May 28, 2026, 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

May 28, 2026
Bailey, Colorado

South Routt School District RE-3
Management's Discussion and Analysis
June 30, 2024

As management of South Routt School District RE-3 (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

As of June 30, 2024, the District's net position increased by $518,631 to $9,187,340. As of June 30, 2024, the District's governmental funds reported an ending fund balance of $4,651,186, a decrease of $1,640,969 from the prior year.

The operations of the District are funded primarily by local property taxes and state equalization dollars through the annual School Finance Act. Local property tax for the year was $5,171,807 and state equalization for the year was $1,547,472.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The *Statement of Net Position* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial health of the District.

The S*tatement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event affecting the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). All the District's basic services are included in governmental activities, including instructional services, supporting services, and food services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three major governmental funds – the General Fund, Transportation Fund, and the Capital Construction Fund. The District also maintains three nonmajor governmental funds – the Food Service Fund, Student Activity Fund, and Debt Service Fund.

The District adopts an annual appropriated budget for all its funds. Budgetary comparison statements have been provided for all funds to demonstrate compliance with state budget statutes.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the fiscal year ended June 30, 2024, the District's net position was $9,187,340. This position includes a net pension liability in the amount of $9,841,217, representing the District's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The District reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The District's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $237,626, representing the District's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The District reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the District’s total net position, $9,290,208 is invested in capital assets, $198,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and $266,290 is restricted for debt service.

South Routt School District RE-3's Net Position

	Governmental Activities	
	2024	**2023**
Assets:		
Current and other assets	$ 8,879,659	$ 7,407,086
Capital assets, net	9,290,208	8,170,332
Total Assets	18,169,867	15,577,418
Deferred outflow of resources	2,588,109	2,133,168
Liabilities:		
Other liabilities	779,121	661,803
Long-term liabilities	10,429,867	9,029,760
Total Liabilities	11,208,988	9,691,563
Deferred inflow of resources	361,648	946,941
Net Position:		
Invested in capital assets, net of related debt	9,290,208	1,765,436
Restricted	464,290	880,757
Unrestricted	(567,158)	4,425,889
Total Net Position	$ 9,187,340	$ 7,072,082

Note: The District restated the ending fund balance for the fiscal year ended June 30, 2023, due to corrections of errors. The restated fund balance as of June 30, 2023, was $8,668,709.

Of the District’s total assets, 51% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

South Routt School District RE-3's Change in Net Position

	Governmental Activities	
	2024	**2023**
Revenues:		
Program revenues:		
Charges for services	$ 357,230	$ 157,169
Operating grants & contributions	2,575,532	1,562,728
General revenues:		
Property taxes	5,171,807	4,229,613
Specific ownership taxes	198,868	264,151
State equalization income	1,547,472	1,933,125
Grants and contributions not restricted to specific programs	73,575	3,114,695
Mineral Leases	1,289	-
Investment income	311,553	182,179
Other	46,922	-
Gain on disposal of assets	-	2,748
Total Revenues	10,284,248	11,446,408
Expenses:		
Instruction	4,878,075	7,765,419
Supporing Services	4,532,487	2,504,371
Food Services	355,055	221,237
Interest on long-term debt	-	(31,622)
Total Expenses	9,765,617	10,459,405
Change in Net Position	518,631	987,003
Net Position - Beginning of Year, Restated	8,668,709	6,085,079
Net Position - End of Year	$ 9,187,340	$ 7,072,082

Note: The District restated the ending fund balance for the fiscal year ended June 30, 2023, due to corrections of errors. The restated fund balance as of June 30, 2023, was $8,668,709.

Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District's revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees. A portion of the increase in net position is attributed to the reduction in the District's proportionate share of PERA's pension and other post-employment benefit liabilities.

Financial Analysis of the District's Funds

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

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of $4,651,186, a decrease of $1,640,969 from the prior year ending fund balances. The decrease mainly relates to a delay in local property tax receipts, which are expected to be recorded in the next fiscal year.

General Fund Budgetary Highlights

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

The district recognized $1,146,536 less revenue than expected, primarily due to a delay in local property tax receipts. The district spent $4,718,854 less than appropriated in the budget, primarily because all reserves were appropriated in the 2023-2024 annual budget.

Capital Assets & Long-Term Debt

The District's investment in capital assets for governmental activities as of June 30, 2024, amounts to $9,290,208, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. More information regarding capital assets may be found in Note 3 to the financial statements.

As of June 30, 2024, the District had no long-term debt outside of net pension and OPEB liabilities and compensated absences in the amount of $351,024, discussed above. More information regarding long-term debt may be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for the District are student enrollment and the annual Public School Finance Act (total program).

Total October count FTE for the 2023-2024 school year was 310.5 students. The 2024-2025 budget was built on the assumption of 312 October count FTE.

The School Finance Act calculates per-pupil funding by school district based upon a formula that takes into consideration the cost of living, number of students, district size, personnel vs. non-personnel, and number of at-risk students. Funding sources for the School Finance Act are derived by the following formula: Total Program Funding = local property taxes + general specific ownership taxes + state equalization. The 2024-2025 budget was built on the assumption of $5,084,806 in total program.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

South Routt School District RE-3
Finance/Business Manager
P.O. Box 158
Oak Creek, CO 80467

BASIC FINANCIAL STATEMENTS

SOUTH ROUTT SCHOOL DISTRICT RE-3

STATEMENT OF NET POSITION

June 30, 2024

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 5,226,767
Taxes Receivable	3,449,352
Grants Receivable	199,186
Inventory	4,354
Capital Assets, *Not Being Depreciated*	1,752,794
Capital Assets, *Net of Accumulated Depreciation*	7,537,414
TOTAL ASSETS	18,169,867
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	2,497,746
OPEB, *Net of Accumulated Amortization*	90,363
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,588,109
LIABILITIES	
Accounts Payable	194,276
Accrued Salaries and Benefits	584,845
Noncurrent Liabilities	
Due in More Than One Year	351,024
Net Pension Liability	9,841,217
Net OPEB Liability	237,626
TOTAL LIABILITIES	11,208,988
DEFERRED INFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	228,039
OPEB, *Net of Accumulated Amortization*	133,609
TOTAL DEFERRED INFLOWS OF RESOURCES	361,648
NET POSITION	
Net Investment in Capital Assets	9,290,208
Restricted for:	
Emergencies	198,000
Debt Service	266,290
Unrestricted	(567,158)
TOTAL NET POSITION	$ 9,187,340

See Notes to the Financial Statements.

SOUTH ROUTT SCHOOL DISTRICT RE-3

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	$ 5,031,732	$ 183,541	$ 1,838,394	$ (3,009,797)
Supporting Services	4,378,830	159,426	556,898	(3,662,506)
Food Services	355,055	14,263	180,240	(160,552)
TOTAL GOVERNMENTAL ACTIVITIES	$ 9,765,617	$ 357,230	$ 2,575,532	(6,832,855)
GENERAL REVENUES				
Local Property Taxes				5,171,807
Specific Ownership Taxes				198,868
State Equalization				1,547,472
Grants and Contributions not Restricted to Specific Programs				73,575
Mineral Leases				1,289
Investment Income				311,553
Other				46,922
TOTAL GENERAL REVENUES				7,351,486
CHANGE IN NET POSITION				518,631
NET POSITION, Beginning, as Originally Stated				7,072,082
Restatements - Corrections of Errors				1,596,627
NET POSITION, Beginning, as Restated				8,668,709
NET POSITION, Ending				$ 9,187,340

See Notes to the Financial Statements.

SOUTH ROUTT SCHOOL DISTRICT RE-3

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	GENERAL	DEBT SERVICE	TRANSPORTATION
ASSETS			
Cash and Investments	$ 4,877,297	$ -	$ 22,813
Grants Receivable	180,503	-	-
Taxes Receivable	2,650,143	-	181,578
Inventory	-	-	-
TOTAL ASSETS	$ 7,707,943	$ -	$ 204,391
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 178,401	$ -	$ 8,684
Accrued Salaries and Benefits	545,416	-	14,129
TOTAL LIABILITIES	723,817	-	22,813
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	2,650,143	-	181,578
FUND BALANCES			
Nonspendable - Inventory	-	-	-
Restricted for:			
Emergencies	198,000	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Food Services		-	
Assigned to Student Activities	-	-	-
Unassigned	4,135,983	-	-
TOTAL FUND BALANCES	4,333,983	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,707,943	$ -	$ 204,391

CAPITAL CONSTRUCTION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 4,693	$ 321,964	$ 5,226,767
-	18,683	199,186
617,631	-	3,449,352
-	4,354	4,354
$ 622,324	$ 345,001	$ 8,879,659
$ 4,693	$ 2,498	$ 194,276
-	25,300	584,845
4,693	27,798	779,121
617,631	-	3,449,352
-	4,354	4,354
-	-	198,000
-	-	-
-	266,290	266,290
	-	-
-	46,559	46,559
-	-	4,135,983
-	317,203	4,651,186
$ 622,324	$ 345,001	$ 8,879,659

See Notes to the Financial Statements.

SOUTH ROUTT SCHOOL DISTRICT RE-3
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	$	4,651,186
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		9,290,208
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.		3,449,352
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Compensated Absences		(351,024)
Net Pension Liability		(9,841,217)
Pension-Related Deferred Outflows of Resources		2,497,746
Pension-Related Deferred Inflows of Resources		(228,039)
Net OPEB Liability		(237,626)
OPEB-Related Deferred Outflows of Resources		90,363
OPEB-Related Deferred Inflows of Resources		(133,609)
Total Net Position of Governmental Activities	$	9,187,340

SOUTH ROUTT SCHOOL DISTRICT RE-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	DEBT SERVICE	TRANSPORTATION
REVENUES			
Local Sources	$ 2,823,998	$ -	$ 102,881
County Sources	28,364	-	-
State Sources	2,475,969	-	-
Federal Sources	904,130	-	-
TOTAL REVENUES	6,232,461	-	102,881
EXPENDITURES			
Current			
Instruction	3,830,671	-	-
Supporting Services	3,097,186	-	495,709
Food Services	-	-	-
Capital Outlay	58,806	-	-
TOTAL EXPENDITURES	6,986,663	-	495,709
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(754,202)	-	(392,828)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	359,639
Transfers Out	(472,358)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(472,358)	-	359,639
CHANGES IN FUND BALANCES	(1,226,560)	-	(33,189)
FUND BALANCES, Beginning, as Originally Stated	5,914,801	266,290	-
Reclassified from Nonmajor Fund to Major Fund	-	-	32,591
Reclassified from Major Fund to Nonmajor Fund	-	(266,290)	-
Restatements - Corrections of Errors	(354,258)	-	598
FUND BALANCES, Beginning, as Restated	5,560,543	-	33,189
FUND BALANCES, Ending	$ 4,333,983	$ -	$ -

CAPITAL CONSTRUCTION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 349,031	$ 172,701	$ 3,448,611
-	-	28,364
-	94,126	2,570,095
-	86,114	990,244
349,031	352,941	7,037,314
-	153,658	3,984,329
24,824	-	3,617,719
-	330,518	330,518
680,468	6,443	745,717
705,292	490,619	8,678,283
(356,261)	(137,678)	(1,640,969)
15,252	97,467	472,358
-	-	(472,358)
15,252	97,467	-
(341,009)	(40,211)	(1,640,969)
-	247,684	6,428,775
132,614	(165,205)	-
	266,290	-
208,395	8,645	(136,620)
-		
341,009	357,414	6,292,155
$ -	$ 317,203	$ 4,651,186

See Notes to the Financial Statements.

SOUTH ROUTT SCHOOL DISTRICT RE-3
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	$	(1,640,969)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:		
Depreciation Expense		(900,534)
Capital Outlay		170,230
Gain (Loss) on Disposal of Capital Assets		(15,348)
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.		3,254,834
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:		
Compensated Absences		(70,705)
Net Pension Liability		(1,209,560)
Pension-Related Deferred Outflows of Resources		551,911
Pension-Related Deferred Inflows of Resources		397,097
Net OPEB Liability		62,281
OPEB-Related Deferred Outflows of Resources		(96,970)
OPEB-Related Deferred Inflows of Resources		16,364
Change in Net Position of Governmental Activities	$	518,631

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the South Routt School District RE-3 (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 *Transportation Fund* is used to account for the activities of the District's transportation activities and restricted revenue streams.

The *Capital Construction, Technology and Maintenance Fund (Capital Construction)* is used to account for the resources accumulated for the funding of the District's capital projects and restricted revenue streams.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 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.

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

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 – 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

Buildings and Improvements	5 - 50 years
Vehicles and Equipment	5 - 25 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 – District policy allows accumulation of leave to a maximum of 80 days. Upon termination of employment at the District, accrued vacation leave is paid out at the employee's daily rate; accrued sick leave is paid out at the most current substitute daily rate.

These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Property Taxes

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

NOTE 2: Cash and Investments

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

Deposits	$ 128,222
Investments	5,098,544
Total	$ 5,226,766

NOTE 2: Cash and Investments (Continued)

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.

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 were reported at the net asset value per share.

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.

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

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

Local Government Investment Pool – At June 30, 2024, the District had $5,098,544 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at $1. ColoTrust is rated AAAm by Standard and Poor's. Investments of ColoTrust 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

At June 30, 2024, the General Fund subsidized the Transportation Fund, Capital Construction Fund, and Food Service Fund in the amount of $359,639, $15,252, and $97,467.

NOTE 4: Capital Assets

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

	Restated Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,752,794	$ -	$ -	$ 1,752,794
Capital Assets, Being Depreciated:				
Buildings and Improvements	25,221,086	39,465	-	25,260,551
Vehicles and Equipment	1,654,564	130,765	36,835	1,822,164
Total Capital Assets, Being Depreciated	26,875,650	170,230	36,835	27,082,715
Less Accumulated Depreciation:				
Buildings and Improvements	(17,621,443)	(778,131)	-	(18,399,574)
Vehicles and Equipment	(971,141)	(122,403)	(21,487)	(1,115,031)
Total Accumulated Depreciation	(18,592,584)	(900,534)	(21,487)	(19,514,605)
Capital Assets, Being Depreciated, Net	8,283,066	(730,304)	15,348	7,568,110
Capital Assets, Governmental Activities, Net	$ 10,035,860	$ (730,304)	$ 15,348	$ 9,320,904

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

Instruction	$ 805,567
Supporting Services	90,441
Food Service	4,526
Total	$ 900,534

NOTE 5: Long-Term Debt

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

	Restatement Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Governmental Activities					
Compensated Absences	$ 280,319	$ 70,705	$ -	$ 351,024	$ -

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

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.

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.

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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 $708,019, equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225 million plus an additional amount of $380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to $35 million. Additionally, the newly added CRS § 24-51-414(9) provides compensatory payment of $14.561 million for 2023 only.

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

The net pension liability was measured at December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2023.

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

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)

At December 31, 2023, the District's proportion was 0.055652209%, which was an increase of 0.0082501880% 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	$ 9,841,217
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	215,789
Total	$ 10,057,006

For the year ended June 30, 2024, the District recognized pension expense of $1,020,099 and a revenue of ($16,048) 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	$ 466,661	$ -
earnings on plan investments	705,463	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	918,920	228,039
Contributions subsequent to the measurement date	406,702	-
Total	$ 2,497,746	$ 228,039

District contributions subsequent to the measurement date of $406,702 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:

Year Ended June 30,	
2025	$ 461,301
2026	814,683
2027	783,724
2028	(196,703)
Total	$ 1,863,005

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

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

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

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

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019 and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019.

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

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

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

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

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

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

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 exptected nominal rate of return assumption of 7.25%.

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

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

NOTE 7: Defined Benefit Pension Plan (Continued)

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

- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. District contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 13,159,344	$ 9,841,217	$ 7,074,301

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

NOTE 8: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents, and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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

PERA Benefit Structure - The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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 $35,436, 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 $237,626, 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 0.0332937211%, which was a decrease of 0.0027778759% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of ($38,766). 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
Differences between expected and actual experience	$ -	$ 48,706
Changes of assumptions and other inputs	2,796	25,196
Net difference between projected and actual earnings on plan investments	7,350	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	59,862	59,707
Contributions subsequent to the measurement date	20,355	-
Total	$ 90,363	$ 133,609

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 $20,355 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:

Year Ended June 30,	
2025	$ (28,597)
2026	(21,466)
2027	3,969
2028	(8,295)
2029	(6,285)
2030	(2,927)
Total	$ (63,601)

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%
Heath 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.

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.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Age-Related Morbidity Assumptions

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

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

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

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 6,469	$ 5,373	$ 4,198	$ 3,487	$ 6,719	$ 5,581
70	$ 7,266	$ 6,011	$ 4,715	$ 3,900	$ 7,546	$ 6,243
75	$ 8,026	$ 6,319	$ 5,208	$ 4,101	$ 8,336	$ 6,563

The 2022 Medicare Part A premium is $506 per month. All costs are subject to the health care cost trend rates.

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

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.

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	100.00%	

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.

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	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	$ 230,806	$ 237,626	$ 245,045

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	$ 280,666	$ 237,626	$ 200,805

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.

In 1997, the District's electorate approved a referendum allowing the District to keep and spend any excess revenue received during the fiscal year ended June 30, 1997, and each subsequent fiscal year thereafter.

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 $198,000.

Litigation

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

NOTE 10: Joint Venture

The District, in conjunction with other surrounding districts, participates in the Northwest Colorado 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 $37,032 to the BOCES. Separate financial statements for the BOCES are available at 325 7th Street, Steamboat Springs, CO 80487, or online at www.nwboces.org.

NOTE 11: Restatement - Corrections of Errors

The District identified corrections of errors to the net position and fund balance for the General Fund; Food Service Fund; Student Activities Fund; Capital Construction, Technology and Maintenance Fund and Governmental Activities for the prior fiscal year ended June 30, 2023. This was required to correct net position and fund balances related to cash and investments, property taxes receivable, grants receivable, accounts payable, accrued salaries, unearned revenues, capital assets, deferred inflows of resources for property taxes, and compensated absences for the fiscal year ended June 30, 2023. These corrections were required to be made as a result of prior year significant errors and compliance with Governmental Accounting Standards Board (GASB) pronouncements, including GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, summarized as follows:

				Nonmajor Funds		Total	
	General	Transportation	Capital Construction	Food Service	Student Activities	Governmental Funds	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ 5,914,801	$ 32,591	$ 132,614	$ 38,788	$ 43,691	$ 6,428,775	$ 7,072,082
Cash and Investments	(104,396)	5,150	-	3,536	-	(95,710)	(95,710)
Property Taxes Receivable	36,041	699	882	-	-	37,622	37,622
Grants Receivable	(35,412)	-	-	2,264	-	(33,148)	(33,148)
Accounts Payable	140,921	3,187	207,513	(439)	(1,900)	349,282	349,282
Accrued Salaries and Benefits	(391,412)	(8,438)		(2,460)	-	(402,310)	(402,310)
Unearned Revenues	-	-		7,644	-	7,644	7,644
Capital Assets, Net	-	-		-	-	-	1,865,528
Deferred Inflows of Resources Property Tax	-	-		-	-	-	49,842
Compensated Absences	-	-	-	-	-	-	(182,123)
Net Position/Fund Balance, Beginning, as Restated	$ 5,560,543	$ 33,189	$ 341,009	$ 49,333	$ 41,791	$ 6,292,155	$ 8,668,709

In addition, the District early implemented GASB 100, *Accounting Changes and Error Corrections*, related to corrections of errors and reclassification of funds from major to nonmajor and major to nonmajor.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH ROUTT SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Property Taxes	$ 3,257,267	$ 1,475,926	$ (1,781,341)
Specific Ownership Taxes	138,238	198,741	60,503
Tuition	82,250	80,771	(1,479)
Investment Income	7,500	309,926	302,426
Miscellaneous	425,000	758,634	333,634
County Sources	2,550	28,364	25,814
State Grants	2,897,667	2,475,969	(421,698)
Federal Grants	568,525	904,130	335,605
TOTAL REVENUES	7,378,997	6,232,461	(1,146,536)
EXPENDITURES			
Current			
Instruction	5,536,925	3,830,671	1,706,254
Supporting Services			
Students	278,626	564,960	(286,334)
Instructional Staff	70,841	251,847	(181,006)
General Administration	555,100	897,402	(342,302)
School Administration	192,540	266,377	(73,837)
Business Services	-	246	(246)
Operations and Maintenance	647,904	595,725	52,179
Student Transportation	-	3,118	(3,118)
Central Support	248,176	486,452	(238,276)
Facilities	-	27,154	(27,154)
Total Supporting Services	1,993,187	3,093,281	(1,100,094)
Capital Outlay	121,005	58,806	62,199
Contingency	4,054,400	3,905	4,050,495
TOTAL EXPENDITURES	11,705,517	6,986,663	4,718,854
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,326,520)	(754,202)	3,572,318
OTHER FINANCING SOURCES (USES)			
Transfers In	(60,000)	(472,358)	(412,358)
Transfers Out	(125,000)	-	125,000
Total Other Financing Sources (Uses)	(185,000)	(472,358)	(287,358)
CHANGE IN FUND BALANCE	(4,511,520)	(1,226,560)	3,697,318
FUND BALANCE, Beginning, as Originally Stated	4,511,520	5,914,801	1,403,281
Restatements - Corrections of Errors	-	(354,258)	(354,258)
FUND BALANCE, Beginning, as Restated	4,511,520	5,560,543	1,049,023
FUND BALANCE, Ending	$ -	$ 4,333,983	$ 4,746,341

SOUTH ROUTT SCHOOL DISTRICT RE-3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

MEASUREMENT YEAR	12/31/23	12/31/22	12/31/21	12/31/20
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0556522209%	0.0474020329%	0.0512570879%	0.0491751796%
District's Proportionate Share of the Net Pension Liability	$ 9,841,217	8,631,657	$ 5,964,975	$ 7,434,295
State's Proportionate Share of the Net Pension Liability Associated with the District	215,789	2,515,345	613,480	-
Total Proportionate Share of the Net Pension Liability	10,057,006	11,147,002	$ 6,578,455	$ 7,434,295
District's Covered Payroll	$ 3,679,115	$ 3,635,155	$ 3,198,007	$ 2,631,998
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	237%	187%	282%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	62%	75%	67%
FISCAL YEAR	6/30/24	6/30/23	6/30/22	06/30/21
DISTRICT CONTRIBUTIONS	$			
Statutorily Required Contribution	708,019	658,352	$ 649,374	$ 496,580
Contributions in Relation to the Statutorily Required Contribution	(708,019)	(658,352)	(649,374)	(496,580)
Contribution Deficiency (Excess)	$ -	-	$ -	$ -
District's Covered Payroll	$ 3,474,088	3,230,383	$ 3,266,468	$ 2,497,886
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%

12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
0.0554477250%	0.0509939955%	0.0593217833%	0.0595464916%	0.0610166184%	0.0649895582%
$ 8,298,268	$ 9,029,534	$ 19,182,556	$ 17,729,293	$ 9,332,061	$ 8,808,268
937,057	1,086,148	-	-	-	-
$ 9,235,325	$ 10,115,682	$ 19,182,556	$ 17,729,293	$ 9,332,061	$ 8,808,268
$ 3,262,842	$ 2,797,122	$ 2,686,182	$ 2,670,527	$ 2,658,341	$ 2,705,094
254%	323%	714%	664%	351%	326%
65%	57%	44%	43%	59%	63%
06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
$ 631,319	$ 561,615	$ 522,932	$ 491,718	$ 474,283	$ 435,873
(631,319)	(561,615)	(522,932)	(491,718)	(474,283)	(435,873)
$ -	$ -	$ -	$ -	$ -	$ -
$ 3,299,350	$ 2,935,731	$ 2,741,172	$ 2,675,329	$ 2,675,315	$ 2,580,911
19.13%	19.13%	19.08%	18.38%	17.73%	16.89%

SOUTH ROUTT SCHOOL DISTRICT RE-3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2024

MEASUREMENT YEAR	12/31/23	12/31/22	12/31/21	12/31/20
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
District's Proportion of the Net OPEB Liability	0.0332937211%	0.0360715970%	0.0334105861%	0.0284618465%
District's Proportionate Share of the Net OPEB Liability	$ 237,626	$ 294,517	$ 288,102	$ 270,452
District's Covered Payroll	$ 3,679,115	$ 3,635,155	$ 3,198,007	$ 2,631,998
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39.40%	32.78%	24.49%
FISCAL YEAR	6/30/24	6/30/23	6/30/22	6/30/21
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	$ 35,436	$ 37,336	$ 33,318	$ 25,478
Contributions in Relation to the Statutorily Required Contribution	(35,436)	(37,336)	(33,318)	(25,478)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 3,474,088	$ 3,660,361	$ 3,266,468	$ 2,497,886
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
Information will be presented for the years it is available.

	12/31/19	12/31/18	12/31/17
	0.0362877408%	0.0331455747%	0.0337064035%
	$ 407,873	$ 450,959	$ 438,048
	$ 3,262,842	$ 2,797,122	$ 2,686,182
	13%	16%	16%
	17.03%	17.53%	16.72%
	6/30/20	6/30/19	6/30/18
	$ 33,227	$ 29,944	$ 27,980
	(33,227)	(29,944)	(27,980)
	$ -	$ -	$ -
	$ 3,257,605	$ 2,935,731	$ 2,741,172
	1.02%	1.02%	1.02%

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 and Accountability

At June 30, 2024, the District's Transportation Fund actual expenditures exceeded budgeted appropriations by $13,021. This may be a violation of state statutes.

At June 30, 2024, the District's Food Service Fund, Transportation Fund and Capital Construction Fund actual fund balances had a negative balance in the amount of $93,114, $358,639 and $15,252, respectively, which exceeded available resources. The District's Food Service Fund budgeted expenditures exceeded available resources in the amount of $117,900. These may be violations 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.

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

COMBINING AND INDIVIDUAL NONMAJOR FUNDS AND BUDGETARY COMPARISON SCHEDULES

SOUTH ROUTT SCHOOL DISTRICT RE-3
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	FOOD SERVICE	STUDENT ACTIVITY	DEBT SERVICE
ASSETS			
Cash and Investments	$ 6,627	$ 49,047	$ 266,290
Grants Receivable	18,683	-	-
Inventory	4,354	-	-
TOTAL ASSETS	$ 29,664	$ 49,047	$ 266,290
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 10	$ 2,488	$ -
Accrued Salaries and Benefits	25,300	-	-
TOTAL LIABILITIES	25,310	2,488	-
FUND BALANCES			
Nonspendable - Inventory	4,354	-	-
Restricted for Debt Service	-	-	266,290
Assigned to Student Activities	-	46,559	-
Unassigned	-	-	-
TOTAL FUND BALANCES	4,354	46,559	266,290
LIABILITIES AND FUND BALANCES	$ 29,664	$ 49,047	$ 266,290

TRANSPORTATION	CAPITAL CONSTRUCTION	TOTAL
$ -	$ -	$ 321,964
-	-	18,683
-	-	4,354
$ -	$ -	$ 345,001
$ -	$ -	$ 2,498
-	-	25,300
-	-	27,798
-	-	4,354
-	-	266,290
-	-	46,559
-	-	-
-	-	317,203
$ -	$ -	$ 345,001

See Notes to the Financial Statements.

SOUTH ROUTT SCHOOL DISTRICT RE-3
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	FOOD SERVICE	STUDENT ACTIVITY	DEBT SERVICE
REVENUES			
Local Sources	$ 14,275	$ 158,426	$ -
State Sources	94,126	-	-
Federal Sources	86,114	-	-
TOTAL REVENUES	194,515	158,426	-
EXPENDITURES			
Current			
Instruction	-	153,658	-
Food Services	330,518	-	-
Capital Outlay	6,443	-	-
TOTAL EXPENDITURES	336,961	153,658	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(142,446)	4,768	-
OTHER FINANCING SOURCES (USES)			
Transfers In	97,467	-	-
CHANGES IN FUND BALANCES	(44,979)	4,768	-
FUND BALANCES, Beginning, as Originally Stated	38,788	43,691	-
Reclassified from Nonmajor Fund to Major Fund	-	-	-
Reclassified from Major Fund to Nonmajor Fund	-	-	266,290
Restatements - Corrections of Errors	10,545	(1,900)	-
FUND BALANCES, Beginning, as Restated	49,333	41,791	266,290
FUND BALANCES, Ending	$ 4,354	$ 46,559	$ 266,290

TRANSPORTATION	CAPITAL CONSTRUCTION	TOTAL
$ -	$ -	$ 172,701
-	-	94,126
-	-	86,114
-	-	352,941
-	-	153,658
-	-	330,518
-	-	6,443
-	-	490,619
-	-	(137,678)
-	-	97,467
-	-	(40,211)
32,591	132,614	247,684
(32,591)	(132,614)	(165,205)
-		266,290
-	-	8,645
-	-	357,414
$ -	$ -	$ 317,203

See Notes to the Financial Statements.

SOUTH ROUTT SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	$ 62,250	$ 14,275	$ (47,975)
State Grants	9,800	94,126	84,326
Federal Grants	35,000	86,114	51,114
TOTAL REVENUES	107,050	194,515	87,465
EXPENDITURES			
Current			
Salaries	204,250	146,575	57,675
Benefits	82,250	57,010	25,240
Purchased Services	-	1,493	(1,493)
Supplies and Materials	-	125,440	(125,440)
Contingency	69,703	-	69,703
Capital Outlay	4,500	6,443	(1,943)
TOTAL EXPENDITURES	360,703	336,961	23,742
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(253,653)	(142,446)	111,207
OTHER FINANCING SOURCES (USES)			
Transfers In	125,000	97,467	(27,533)
CHANGE IN FUND BALANCE	(128,653)	(44,979)	83,674
FUND BALANCE, Beginning, as Originally Stated	10,753	38,788	28,035
Restatements - Corrections of Errors	-	10,545	10,545
FUND BALANCE, Beginning, as Restated	10,753	49,333	38,580
FUND BALANCE, Ending	$ (117,900)	$ 4,354	$ 122,254

SOUTH ROUTT SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Pupil Activity	$ 215,000	$ 158,426	$ (56,574)
EXPENDITURES			
Current			
Instruction	215,000	153,658	61,342
Contingency	1	-	1
TOTAL EXPENDITURES	215,001	153,658	61,343
CHANGE IN FUND BALANCE	(1)	4,768	4,769
FUND BALANCE, Beginning, as Originally Stated	1	43,691	43,690
Restatements - Corrections of Errors	-	(1,900)	(1,900)
FUND BALANCE, Beginning, as Originally Stated	1	41,791	41,790
FUND BALANCE, Ending	$ -	$ 46,559	$ 46,559

SOUTH ROUTT SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	$ 275,125	$ 102,881	$ (172,244)
State Sources	72,250	-	(72,250)
TOTAL REVENUES	347,375	102,881	(244,494)
EXPENDITURES			
Current			
Supporting Services			
Salaries	312,250	260,904	51,346
Benefits	87,125	80,887	6,238
Purchased Services	-	54,487	(54,487)
Supplies and Materials	5,000	99,431	(94,431)
Contingency	78,313	-	78,313
TOTAL EXPENDITURES	482,688	495,709	(13,021)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(135,313)	(392,828)	(257,515)
OTHER FINANCING SOURCES			
Transfers In	60,000	359,639	299,639
CHANGE IN FUND BALANCE	(75,313)	(33,189)	42,124
FUND BALANCE, Beginning, as Originally Stated	75,313	32,591	(42,722)
Restatements - Corrections of Errors	-	598	598
FUND BALANCE, Beginning, as Restated	75,313	33,189	(42,124)
FUND BALANCE, Ending	$ -	$ -	$ -

SOUTH ROUTT SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
CAPITAL CONSTRUCTION, TECHNOLOGY AND MAINTENANCE FUND
Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	$ 684,402	$ 349,031	$ (335,371)
EXPENDITURES			
Supporting Services			
Purchased Services	312,600	24,824	287,776
Capital Outlay	369,402	680,468	(311,066)
Contingency	285,853	-	285,853
TOTAL EXPENDITURES	967,855	705,292	262,563
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(283,453)	(356,261)	(72,808)
OTHER FINANCING SOURCES			
Transfers In	-	15,252	15,252
CHANGE IN FUND BALANCE	(283,453)	(341,009)	(57,556)
FUND BALANCE, Beginning, as Originally Stated	283,453	132,614	(150,839)
Restatement - Corrections of Errors	-	208,395	208,395
FUND BALANCE, Beginning, as Restated	283,453	341,009	57,556
FUND BALANCE, Ending	$ -	$ -	$ -

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
South Routt School District RE-3
Oak Creek, 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 South Routt School District RE-3 (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 May 28, 2026.

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, 2024-002, 2024-003, 2024-004, and 2024-005 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.*

Board of Education
South Routt School District RE-3

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

May 28, 2026
Bailey, Colorado

AUDITING AND CONSULTING, LLC
(720) 422-1352
DCHERNYAK@DMCCPAS.NET

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
South Routt School District RE-3
Oak Creek, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Routt School District RE-3'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

Board of Education
South Routt School District RE-3

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

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.

DMC Auditing and Consulting, LLC

May 28, 2026
Bailey, Colorado

SOUTH ROUTT SCHOOL DISTRICT RE-3
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

SECTION II: FINANCIAL STATEMENT FINDINGS

2024-001: Material Weakness in Internal Controls over Financial Reporting, including Material Audit Adjusting Journal Entries and Corrections of Errors to the Prior Year 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, and June 30, 2023 (prior year), related to various adjustments including cash and investments, various expenditures, capital assets, and compensated absences. In addition, we identified issues with revenue recognition related to property taxes, grants; and various expenditures, capital assets, and compensated absences. These restatements and corrections of errors to the prior year are material to the financial statements.

Cause: The District lacked internal controls over financial reporting, monthly bank reconciliations, year-end closing process, manual journal entries, grants reconciliations, and other accounting processes.

Effect: The District's financial statements were misstated and had material audit adjustments for the fiscal year ended June 30, 2024, and June 30, 2023. In addition, the District was noncompliant with the state statutes related to budgets and grants as identified in the audit findings for the fiscal year ended June 30, 2024.

Repeat Finding: Yes (includes condition of audit finding 2023-001).

Recommendation: We recommend that the District implement various internal controls processes related to bank reconciliations, month-end close, year-end close, manual journal entries, grants management, and other integral accounting processes for daily operations.

The District has already taken some steps to address this issue by hiring new staff and a third-party accounting firm to assist with this situation.

Corrective Action Plan: Reported on page 59.

2024-002: Material Weakness in Internal Controls over Reporting of the Schedule of Expenditures of Federal Awards

Criteria: Section 200.510b of the Code of Federal Regulations Title 2, Subtitle A, Chapter II, Part 200, Subpart F (also known as 2CFR200) states that the auditee must also prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements. The schedule must include the total Federal awards expended as determined in accordance with section 200.502.

Condition: The District failed to provide accurate federal grants information that is used to prepare the SEFA or summarized and accurate information for the auditor to prepare an accurate SEFA as required by 2 CFR 200 Part F. In order for the auditor to perform the non-audit service of preparing the SEFA, the District must provide the auditor with summarized and accurate federal grant expenditure and revenue information that agrees to the accounting records and grant agreements. In addition, the District must have proper internal controls in place to mitigate various audit risks that are created from performing the non-audit service. The District's grants were not properly reconciled at year-end and required material audit adjustments in order to report the information properly to prepare the SEFA and comply with 2 CFR 200.510b requirement.

Cause: The District lacked proper internal controls over financial reporting related to the SEFA, including year-end closing and cut-off processes and procedures to properly report federal awards. This caused material audit adjustments to the District's federal grants revenue and expenditures and material corrections to the SEFA.

Effect: The District required material audit adjustments and incurred significant delays in the audit process for the fiscal year ended June 30, 2024. In addition, the District did not comply with 2 CFR 200 requirements related to internal controls over SEFA reporting.

Repeat Finding: No.

Recommendation: We recommend that the District implement internal controls over the SEFA reporting, which includes reconciling grants and submitting requests for funds in a timely manner based on actual expenditures to comply with the federal requirements and avoid delays in the audit process.

The District has already taken some steps to address this issue by hiring new staff and a third-party accounting firm to assist with this situation.

Corrective Action Plan for Financial Reporting Findings: Reported on page 59.

2024-003: Material Weakness in Internal Controls over Bank Reconciliations and Cash Management

Criteria: The District must have internal controls in place over cash and investments by reconciling and reviewing bank reconciliations on a monthly basis to avoid potential fraud or errors.

Condition: The District's cash investments were not properly reconciled for the entire fiscal year ended June 30, 2024. In addition, the District's cash and investments balance was incorrect at June 30, 2023.

Cause: The District lacks proper internal controls over bank reconciliations and cash and investments. The District did not reconcile bank accounts on a monthly basis throughout fiscal year ended June 30, 2024. In addition, the District did not have an internal control designed or implemented to perform a review on bank reconciliations.

Effect: The District required material audit adjustments and incurred significant delays in the audit process for the fiscal year ended June 30, 2024, primarily due to bank statements not being reconciled throughout the year.

Repeat Finding: No.

Recommendation: We recommend that the District implement a month-end and year-end closing processes that include reconciling bank statements and investment accounts on a monthly basis and recording all the transactions in the District's accounting system. In addition, we recommend that the District implement a process to perform a secondary review of completed bank reconciliations monthly.

The District has already taken some steps to address this issue by hiring new staff and a third-party accounting firm to assist with this situation.

Corrective Action Plan for Financial Reporting Findings: Reported on page 59.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2024-004: Material Weakness of Internal Controls over Compliance

Federal Assistance Listing Number: 84.425U

Federal Award Year(s): June 30, 2024

Program Title(s): Education Stabilization Fund

Name of Federal Agency(ies): U.S. Department of Education Services

Name of Pass-Through Entity(ies): Colorado Department of Education

COVID-19 Program(s): Yes

Criteria: As stated in 2 CFR 200.303, the District must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The District had a material weakness in internal controls over multiple processes. The District’s lacked segregation of duties and/or a review process over payroll. The District’s process for managing personnel information and payroll was performed by one employee during the fiscal year ended June 30, 2024. In addition, the District did not properly maintain reimbursement request information that would reconcile the ESSER request for reimbursement with the allowable expenditures.

However, the District was in compliance with the allowable activities, allowable costs, and cash management requirements, because the allowable activities and allowable costs exceeded the amount requested for reimbursement.

Cause: The District’s payroll and human resources processes were performed by one employee without a secondary review. In addition, the reimbursement request process was performed by one employee without segregation of duties or secondary review and did not reconcile the ESSER grants on a regular basis to verify that revenues matched expenditures.

Effect: The District hired a third-party accounting firm in order to reconcile the grants for fiscal year ended June 30, 2024. The District required material audit adjustments and incurred significant delays in the audit process for the fiscal year ended June 30, 2024. In addition, the District’s reimbursement documentation was unavailable for review. However, the allowable costs exceeded the reimbursement received from the Colorado Department of Education.

Repeat Finding: No.

Questioned Costs: None noted.

Recommendation: We recommend that the District implement a month-end and year-end closing processes for the ESSER and potentially other federal grants that includes reconciling grant on a monthly basis, submitting requests for funds on a monthly basis, maintaining proper accounting records, and properly recording all the transactions in the District's accounting system. In addition, we recommend that the District implement a process to perform a secondary review of completed grant reconciliations and requests for funds monthly.

The District has already taken some steps to address this issue by hiring new staff and a third-party accounting firm to assist with this situation.

Corrective Action Plan for Financial Reporting Findings: Reported on page 59.

2025-005: Noncompliance related to FAC Reports for fiscal years ended June 30, 2023, and June 30, 2024

Federal Assistance Listing Number: 10.553, 10.555, 10.559, 10.649, 84.010, 84.367, 84.424A, 84.358, 84.425U, 84.048, 93.354, and 93.981.

Federal Award Year(s): June 30, 2024, and June 30, 2023

Program Title(s): Multiple

Name of Federal Agency(ies): U.S. Department of Agriculture, U.S. Department of Education, and U.S. Department of Health and Human Services

Name of Pass-Through Entity(ies): Various, including the Colorado Department of Education, Colorado Community Colleges System, and Colorado Department of Human Services

COVID-19 Program(s): Yes

Criteria: In accordance with Section 200.512 of the 2CFR200 Subpart F, a non-Federal entity that received a Single Audit must submit the reporting package to the Federal government through the Federal Audit Clearinghouse (FAC), also known as the data collection form. The FAC report is required to be submitted the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.

Condition: Based on our search through the FAC website (www.FAC.gov), the District did not submit the data collection report to the Federal Audit Clearinghouse for the audit for the fiscal year ended June 30, 2023, Single Audit conducted. In addition, the District was not able to provide accurate accounting records to the auditors in a timely manner to conduct the Single Audit for the fiscal year ended June 30, 2024, which delayed the submission of the data collection report to the FAC in a timely manner.

Cause: The District lacked internal controls and awareness of the requirements noted above to certify and submit the annual data collection form to the Federal Audit Clearinghouse report in a timely manner, or at all. In addition, the District's internal controls over grants management and accounting records was inadequate, which caused material audit adjustments and additional time for the District to reconcile grants. This caused the District's Single Audit for the fiscal year ended June 30, 2024, to be significantly delayed.

Effect: The District was noncompliant with 2 CFR 200.512 for fiscal years ended June 30, 2023, and June 30, 2024.

Repeat Finding: No.

Questioned Costs: None noted.

Recommendation: In the future, we highly recommend that the District maintain proper internal controls and accurate grant records to prepare an accurate SEFA that will allow auditors to perform the Single Audits on major Federal programs, and submit the FAC report in a timely manner.

Corrective Action Plan: Reported on page 59.

SOUTH ROUTT SCHOOL DISTRICT RE-3
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Corrective Action Plan

In Response to Financial Audit Findings — Fiscal Year Ended June 30, 2024

Finding 2024-001: Cash and Investments

The District acknowledges the material correction of an error to the District's financial statements. This situation occurred due to the failure to reconcile bank and investment account statements on a regular, monthly basis throughout the fiscal year ended June 30, 2024. The absence of timely reconciliations resulted in undetected discrepancies between account balances and the District's accounting records, which required material audit adjustments and the expenditure of significant staff time to correct.

Current management has improved procedures related to the reconciliation of all bank and investment accounts by establishing a formalized monthly close process. The new Business Manager, in coordination with the third-party accounting firm retained by the District, has implemented a monthly reconciliation schedule requiring all bank and investment accounts to be reconciled to the general ledger within a defined period following month-end.

We plan to have all bank and investment account reconciliations current, complete, and reviewed through June 30, 2025, and maintain an ongoing monthly reconciliation cycle so that all accounts are fully reconciled and agree to the accounting records prior to the start of the FY25 audit process.

Estimated date of implementation of the corrective action plan: Completed

Person responsible for implementation of the corrective action plan: Dr. Kirk Henwood

Finding 2024-002: Grants Management

The District acknowledges the material correction of an error to the District's financial statements. This situation occurred due to the lack of a consistent grants management process, including the failure to reconcile grant activity on a regular basis, to track grant expenditures and revenues in a timely manner, and to submit reimbursement requests for available grant funds during the fiscal year ended June 30, 2024. These deficiencies resulted in unrequested reimbursements, material accounting adjustments, and noncompliance with grant requirements.

Current management has improved procedures related to the management and oversight of all grant awards. The District, with the assistance of the third-party accounting firm, has established a grants management framework that includes monthly grant reconciliations, regular tracking of grant expenditures and revenues, and a defined schedule for submitting reimbursement requests in accordance with each grant's terms and conditions.

We plan to ensure that all grant accounts are fully reconciled, all available reimbursements have been requested, and grant expenditures and revenues are accurately recorded and up to date prior to the start of the next audit process.

Estimated date of implementation of the corrective action plan: June 30, 2026

Person responsible for implementation of the corrective action plan: Dr. Kirk Henwood

Finding 2024-003: Internal Controls over Financial Reporting and Audit Delays

The District acknowledges the material correction of an error to the District's financial statements. This situation occurred due to the absence of adequate internal controls over financial reporting over multiple fiscal years. The District's accounting records were not properly maintained or reconciled, resulting in material audit adjustments across cash and investments, grants, and other accounts. These control deficiencies, combined with staffing limitations, caused significant delays in the availability of accounting records and contributed to the potential for errors, noncompliance, and fraud.

Current management has improved procedures related to the overall internal control environment over financial reporting. The District has hired a new Business Manager and engaged a third-party accounting firm to assist with reconciliations, grants management, and financial reporting controls. Together, these resources are working to remediate prior-year deficiencies, establish a proper month-end close process, and implement a system of internal controls designed to ensure the accuracy and integrity of the District's financial records on an ongoing basis.

We plan to have all accounting records fully reconciled, material adjustments resolved, and internal control procedures documented and operational across all key financial reporting areas prior to the start of the audit next process.

Estimated date of implementation of the corrective action plan: June 30, 2026

Person responsible for implementation of the corrective action plan: Dr. Kirk Henwood

Finding 2024-004: Material Weakness of Internal Controls over Compliance — Education Stabilization Fund (ESSER)

The District acknowledges the material correction of an error to the District's financial statements. This situation occurred due to a material weakness in internal controls over compliance with federal award requirements for the Education Stabilization Fund (CFDA 84.425U), passed through the Colorado Department of Education, for the fiscal year ended June 30, 2024. Specifically, the District lacked adequate segregation of duties over payroll and human resources processes, both of which were performed by a single employee without a secondary review. In addition, the District did not maintain adequate reimbursement request documentation or regularly reconcile ESSER grant expenditures to reimbursement requests, as required under 2 CFR 200.303. These conditions resulted in material audit adjustments, significant audit delays, and the engagement of a third-party accounting firm to reconstruct grant records. Notwithstanding these control deficiencies, the District was in compliance with allowable activities, allowable costs, and cash management requirements, as allowable costs exceeded the amounts requested for reimbursement.

Current management has improved procedures related to the oversight of federal grant compliance and payroll processes. The District has engaged a third-party accounting firm and hired new staff to assist with grants reconciliation, reimbursement request preparation, and internal controls over federal awards. A secondary review process has been established for payroll and human resources transactions to ensure that no single employee has unchecked control over these functions. Grant reconciliation responsibilities have been reassigned to incorporate segregation of duties, and a defined schedule for monthly ESSER reconciliations and reimbursement submissions has been implemented.

We plan to have all ESSER grant activity fully reconciled, reimbursement documentation complete and available for review, and monthly reconciliation and secondary review procedures operational and documented for all applicable federal grant programs prior to the start of the audit process.

Estimated date of implementation of the corrective action plan: June 30, 2026

Person responsible for implementation of the corrective action plan: Dr. Kirk Henwood

Finding 2025-005: Noncompliance with Single Audit Requirements

The District acknowledges the failure to submit the Single Audit data collection form for the fiscal year ended June 30, 2023 to the Federal Audit Clearinghouse within the required 30-day post-opinion deadline. The form was never submitted for that fiscal year. Additionally, for the fiscal year ended June 30, 2024, the District's accounting records were not available until March 2026, causing the audit to extend well beyond the required nine-month completion deadline and resulting in further noncompliance with Single Audit reporting requirements.

Current management has improved procedures related to the management of Single Audit compliance obligations. The District, in coordination with the third-party accounting firm and the external auditor, has established a compliance calendar that identifies all Single Audit submission deadlines and assigns responsibility for preparation, certification, and submission of the data collection form. Procedures have been implemented to ensure accounting records are available on a timely basis to support completion of the audit within the required nine-month window, starting with the fiscal year ending June 30, 2026.

We plan to ensure that the fiscal year ended June 30, 2023 data collection form is submitted to the Federal Audit Clearinghouse and that the fiscal year ended June 30, 2024 Single Audit is completed and submitted within 30 days of the audit opinion date, and that all future Single Audit data collection forms are submitted in a timely manner.

Estimated date of implementation of the corrective action plan: Ongoing

Person responsible for implementation of the corrective action plan: Dr. Kirk Henwood

SOUTH ROUTT SCHOOL DISTRICT RE-3
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 AGRICULTURE			
Passed Through Colorado Department of Education			
Child Nutrition Cluster			
School Breakfast Program (SBP)	10.553	4553	$ 4,423
National School Lunch Program (NSLP)	10.555	4555	50,236
National School Lunch Program (Supply Chain Assistance)	10.555	6555	11,988
Passed through Colorado Department of Human Services			
National School Lunch Program (Donated Commodities)	10.555	4555	9,470
Child Nutrition Cluster Subtotal			76,117
Passed Through Colorado Department of Education			
Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	4649	9,997
TOTAL U.S. DEPARTMENT OF AGRICULTURE			86,114
U.S. DEPARTMENT OF EDUCATION			
Passed Through Colorado Department of Education			
Title I	84.010	4010	19,650
Supporting Effective Instruction	84.367	4367	1,000
Student Support and Academic Enrichment Program	84.424A	4424	30,000
Rural Education	84.358	4358	40,227
Individuals with Disabilities Education Act (IDEA), Part D	84.323	5323	3,515
Emergency Relief (ARP ESSER)	84.425U	4414, 4429	783,447
Passed Through Colorado Community Colleges System			
Career and Technical Education	84.048	4048	10,423
TOTAL U.S. DEPARTMENT OF EDUCATION			888,262
U.S. DEPARTMENT OF JUSTICE			
Direct			
Public Safety Partnership and Community Policing	16.710		8,868
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Colorado Department of Health and Human Services			
Public Health Emergency: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	7354	5,000
Improving Student Health And Academic Achievement Through Nutrition, Physical Activity And The Management Of Chronic Conditions In Schools	93.981	7981	2,000
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			7,000
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 990,244

See Notes to the Schedule of Expenditures of Federal Awards.

SOUTH ROUTT SCHOOL DISTRICT RE-3
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.

NOTE 4: Subrecipients

The District did not have any subrecipients related to the federal grants.