

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
LA JARA, COLORADO**

FINANCIAL STATEMENTS

June 30, 2025



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

NORTH CONEJOS SCHOOL DISTRICT RE-1J

TABLE OF CONTENTS

June 30, 2025

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	M1-M9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	10
Statement of Changes in Fiduciary Net Position	11
Notes to the Basic Financial Statements	12
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	42
Food Service Fund	43
Schedule of the District's Proportionate Share of the Net Pension Liability - PERA Pension Plan	44
Schedule of District Contributions - PERA Pension Plan	45
Schedule of the District's Proportionate Share of the Net OPEB Liability - PERA Healthcare Trust Fund	46
Schedule of District Contributions - PERA Healthcare Trust Fund	47
Notes to the Required Supplementary Information	48
Supplementary Information	
Nonmajor Governmental Funds:	
Combining Balance Sheet	54
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	55
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Governmental Designated Purpose Grants Fund	56
Pupil Activity Fund	57
Debt Service Fund	58
Capital Reserve Capital Projects Fund	59
Building Fund	60
Custodial Fund	61

NORTH CONEJOS SCHOOL DISTRICT RE-1J

TABLE OF CONTENTS

June 30, 2025

	<u>Page</u>
Single Audit Section	
Schedule of Expenditures of Federal Awards	62
Notes to the Schedule of Expenditures of Federal Awards	63
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	66
Schedule of Findings and Questioned Costs	69
Summary Schedule of Prior Year Findings	71
Corrective Action Plan	
 CDE Compliance Section	
Colorado School Districts Auditor's Integrity Report	

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
North Conejos School District RE-1J
La Jara, 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 North Conejos School District RE-1J (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

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substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School District's Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

As management of the North Conejos School District, we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of North Conejos School District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights for the fiscal year ended June 30, 2025, are as follows:

The final net position of the district is \$38,698,173 end of year.

State Equalization was \$10,682,277 this fiscal year.

General Revenues, primarily property taxes, and state equalization payments accounted for \$12,841,258 of all revenues.

The District had \$13,947,190 in expenses related to governmental activities.

GOVERNMENTAL FUNDS

The District has seven governmental funds as determined by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The major funds are General Fund, Building Fund and Food Service Fund.

The General Fund had \$13,694,116 in revenues and \$11,354,341 in expenditures. The General Fund balance increased from \$14,844,213 to \$15,992,454.

The Building Fund's fund balance at the end of the year is \$825,817.

The Food Service's Fund balance at the end of year is \$257,706.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: The Management's Discussion and Analysis, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short- term and long-term information about the District's overall financial status.

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

The governmental fund statements tell how basic services such as instruction were financed in the short-term, as well as, what remains for future spending.

Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating respectively.

To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

Governmental activities: All of the District's basic services are included here, such as; instruction, transportation, maintenance and operations, and administration. The District's nutritional services program is included in government activities. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. Focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

Some funds are required by state law and by bond covenants.

The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information in a separate reconciliation to the governmental funds statements explains the relationship (or differences) between them.

Fiduciary Funds: The District is the agent, or fiduciary, for assets that belong to others such as small scholarship funds and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government-wide Analysis:

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process, the District receives approximately **60%** of the annual property tax assessment in April, May, and June.

Capital Assets are used in the operation of the District. These assets are land, improvements, buildings, equipment, and vehicles. Capital assets are discussed in detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2024. Long-term liabilities such as compensated absences payable will be liquidated from resources that will become available after fiscal year 2024. A comparative analysis is provided.

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2025 and 2024 is summarized below:

	FY 2025	FY 2024
Net position (GAAP Basis)	\$ 38,698,173	\$ 36,942,450
GASB 68 - Pension	11,830,440	11,771,556
GASB 75 - OPEB	346,650	444,951
Net position excluding Pension and OPEB	<u>\$ 50,875,263</u>	<u>\$ 49,158,957</u>

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

	FY 2025	FY 2024
Unrestricted - Net position (GAAP Basis)	\$4,533,231	\$ 3,349,746
GASB 68 - Pension	11,830,440	11,771,556
GASB 75 - OPEB	346,650	444,951
Net position excluding Pension and OPEB	<u>\$ 16,710,321</u>	<u>\$ 15,566,253</u>

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Table I
Condensed Statement of Net Position June 30, 2025**

	Governmental	Governmental
	Activities	Activities
	2024	2025
Assets		
Current Assets	\$18,843,908	\$20,130,928
Capital Assets	\$36,810,636	\$37,099,560
Total Assets	\$55,654,544	\$57,230,488
Deferred Outflows of Resources	\$4,529,437	\$3,028,314
Liabilities		
Current	\$1,557,345	\$1,744,392
Long-Term	\$4,901,044	\$4,530,195
Net Pension liability	\$15,439,508	\$13,924,295
Net OPEB Liability	\$372,802	\$247,056
Total Liabilities	\$20,713,354	\$20,445,938
Deferred Inflows of Resources	\$ 970,832	\$1,114,691
Net Position		
Net Investment in Capital Assets	\$31,818,572	\$32,356,096
Tabor reserve	\$376,000	\$425,000
Debt Service	\$527,230	\$558,029
Capital Projects	\$870,902	\$825,817
Unrestricted	\$3,349,746	\$4,533,231
Total Net Position	\$36,942,450	\$38,698,173

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**TABLE II
CONDENSED STATEMENT OF ACTIVITIES**

	2024	2025
Revenues		
Program Revenues:		
Charges for Services	\$78,803	\$60,872
Operating Grants & Contrib.	\$2,781,230	\$2,125,961
Capital Grants and Contrib.	\$0	\$674,822
General Revenues	\$11,392,829	\$12,358,417
Interest on Investments	\$248,320	\$366,376
Miscellaneous	\$41,329	\$116,465
Total Revenues	\$14,542,511	\$15,702,913
Expenses		
Instructional Program	\$7,814,697	\$7,401,677
Student Supporting Services	\$645,672	\$789,116
Instructional Staff Supporting Services	\$283,119	\$366,043
General Administration Supporting Services	\$853,260	\$989,423
School Administration Supporting Services	\$724,908	\$764,614
Business Supporting Services	\$87,330	\$66,888
Operations and Maintenance of Plant Services	\$1,073,516	\$1,025,456
Student Transportation Services	\$440,598	\$413,109
Central Supporting Services	\$391,809	\$1,085,368
Food Services	\$798,534	\$901,039
Facilities Acquisition & Construction Services	\$35,633	\$0
Debt Service	\$137,012	\$144,457
Total Expenses	\$13,286,088	\$13,947,190
Change in Net Position	\$1,256,423	\$1,755,723
Net Position, Beginning of Year	\$35,686,027	\$36,942,450
Net Position, End of Year	\$36,942,450	\$38,698,173

GOVERNMENTAL ACTIVITIES

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal, and state 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, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

The primary source of operation revenue for school districts comes from the School Finance Act of 1994 (SFA). The funded pupil count for fiscal year 2024-2025 was 927. Funding for the SFA comes from property taxes, specific ownership, and state equalization. The District received listed state equalization while the remaining amounts came from property taxes and specific ownership tax.

The statement of activities shows the cost of program services, the charges for services, and grants off-setting those services. Table III shows governmental activities, the total cost of services, and the net cost of services. That is, it

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

identifies the cost of these services supported by unrestricted state equalization and property taxes. PERA is a large factor in the variance from the previous fiscal year and why Net Cost is not relevant.

**Table III
Cost Activities for Fiscal Year 2025
of Services – Governmental**

	Total Cost- 2025	Total Cost-2024	Net Cost – 2025	Net Cost- 2024
Instructional Program	\$7,401,677	\$7,814,697	\$(6,906,872)	\$(7,188,578)
Student Support Service	789,116	\$645,672	\$77,378	\$886,816
Instructional Staff Support Service	366,043	\$283,119	\$(361,684)	\$(283,119)
General Admin Support Services	989,423	\$853,260	\$(989,423)	\$(853,260)
School Admin Support Service	764,614	\$724,908	\$(764,614)	\$(724,908)
Business Support Service	66,888	\$87,330	\$(66,888)	\$(87,330)
Operation & Maintenance	1,025,456	\$1,073,516	\$(1,025,456)	\$(1,073,516)
Student Transportation	413,109	\$440,598	\$(344,593)	\$(367,194)
Central Support Service	1,085,368	\$391,809	\$(410,546)	\$(391,809)
Facility acquisition/construction	0	\$35,633	0	\$(35,633)
Food Service	901,039	\$798,534	\$(148,380)	\$(170,512)
Debt Service	144,457	\$137,012	\$(144,457)	\$(137,012)
Total Expenses	13,947,190	\$13,286,088	\$(11,085,535)	\$(10,426,055)

GENERAL FUND BUDGETARY HIGHLIGHTS

The NCSD’s budget is prepared according to Colorado Law and is based on accounting for certain transactions on the modified accrual basis. Therefore, the District budgets each year for actual salaries for nine and ten month employees based on salaries for the school term of September to May but is paid over a time spanning September to August. The July and August salaries are accrued in the budgeted financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

On June 30, 2025, the District had \$37,099,560 invested in sites, land improvements, buildings, equipment and vehicles: which was used in governmental activities. Table IV shows the investment in capital assets net of depreciation expense for governmental activities.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Table IV
Capital Assets at June 30, 2025
(Net of Depreciation)**

	Total School	
	District	
	2025	2024
Sites (LAND)	\$348,996	\$348,996
CIP	\$0	\$0
Land Improvements	\$1,700,398	\$1,537,298
Buildings	\$39,734,861	\$39,220,193
Equipment	\$2,996,830	\$2,566,341
Vehicles	\$2,337,372	\$2,226,223
Less: Accumulated Depreciation	\$(10,018,897)	\$(9,088,415)
Totals	\$37,099,560	\$36,810,636

As of June 30, 2025 the District had \$4,993,291 recorded as long term debt. Table V details this outstanding debt and the portion due within one year for the District. Compensated absences of \$249,827 are considered paid when used or when it is bought back upon an employee retiring or resigning. Table compares that debt to fiscal year 2024.

**Table V Outstanding Debt
Current and Total at June 30, 2025**

	Governmental Activities		Governmental Activities	
	Due Within One Year/Total Debt		Due Within One Year/Total Debt	
	2025		2024	
Compensated Absences	\$207,158	\$249,827	\$6,250	\$163,830
Bonds Payable	\$255,938	\$4,743,464	\$248,600	\$4,992,064
TOTAL	\$463,096	\$4,993,291	\$254,850	\$5,155,894

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district was aware of the following

- Maintaining current staff levels and student enrichment programs while encountering a continued declining student count.
- Enrollment (see below).
- Receiving less in state equalization.
- Maintaining a fund balance in excess of 3 million dollars while adjusting for higher transportation and energy costs, water and sewer payment increase, and employee benefit costs.

Maintaining a fund balance while adjusting to higher overall maintenance costs due to outside services

STUDENT ENROLLMENT

Student enrollment, dictating the state equalization funding as follows:

2021: 991 (a repeat of homeschool options further declined student enrollment).

2022: 1005 Enrollment is increasing due to homeschool students returning

2023: 988 Due to smaller family size

2024: 955 Decline due to smaller incoming classes, homeschool students, and neighboring districts going to a four day school week.

2025: 927 Enrollment continues to decrease due to smaller families

SECURE RURAL SCHOOLS (SRS) FUNDS

SRS funds have continued to decrease. Ranging historically as a revenue of approximately \$210,000 to the district, currently only \$20,000 to the district, in lieu of the area being heavily forested by federal land which provides no tax revenue to the district.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizen, taxpayers, parents, Investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Superintendent's Office at 17887 US Hwy 285 La Jara, CO 81140.

NORTH CONEJOS SCHOOL DISTRICT RE-1J

BASIC FINANCIAL STATEMENTS

NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 14,629,624
Investments	5,106,095
Accounts Receivable	613
Property Tax Receivable	149,439
Due from Other Governments	243,513
Inventories	1,644
Total Current Assets	20,130,928
Noncurrent Assets	
Capital Assets not being depreciated	348,996
Capital Assets net of depreciation	36,750,564
Total Noncurrent Assets	37,099,560
TOTAL ASSETS	57,230,488
DEFERRED OUTFLOWS OF RESOURCES	
Pension	2,986,582
OPEB	41,732
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,028,314
LIABILITIES	
Current Liabilities	
Accounts Payable	(1,828)
Accrued Salaries and Benefits	1,271,790
Unearned Grant Revenue	11,334
Compensated Absences	207,158
General Obligation Bonds	255,938
Total Current Liabilities	1,744,392
Noncurrent Liabilities	
Compensated Absences	42,669
General Obligation Bonds	4,487,526
Net Pension Liability	13,924,295
Net OPEB Liability	247,056
Total Noncurrent Liabilities	18,701,546
TOTAL LIABILITIES	20,445,938
DEFERRED INFLOWS OF RESOURCES	
Pension	892,727
OPEB	141,326
Unavailable Revenue- Property Tax	80,638
TOTAL DEFERRED INFLOWS OF RESOURCES	1,114,691
NET POSITION	
Net Investment in Capital Assets	32,356,096
Restricted	
Tabor	425,000
Debt Service	558,029
Capital Projects	825,817
Unrestricted	4,533,231
TOTAL NET POSITION	\$ 38,698,173

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenues and Changes in Net Position
					Primary Government
Primary Government					
Governmental Activities					
Instructional Program	\$ 7,401,677	\$ -	\$ 494,805	\$ -	\$ (6,906,872)
Student Supporting Services	789,116	-	866,494	-	77,378
Instructional Staff Supporting Services	366,043	-	4,359	-	(361,684)
General Administration Supporting Services	989,423	-	-	-	(989,423)
School Administration Supporting Services	764,614	-	-	-	(764,614)
Business Supporting Services	66,888	-	-	-	(66,888)
Operations and Maintenance of Plant Services	1,025,456	-	-	-	(1,025,456)
Student Transportation Services	413,109	-	68,516	-	(344,593)
Central Supporting Services	1,085,368	-	-	674,822	(410,546)
Food Services	901,039	60,872	691,787	-	(148,380)
Facilities Acquisition and Construction Services	-	-	-	-	-
Interest on Debt Service	144,457	-	-	-	(144,457)
Total Governmental Activities	13,947,190	60,872	2,125,961	674,822	(11,085,535)
Total Primary Government	\$ 13,947,190	\$ 60,872	\$ 2,125,961	\$ 674,822	(11,085,535)
General Revenues					
Taxes					
General Property Taxes - Net					1,457,302
Specific Ownership Taxes					218,518
Other Taxes					320
State Equalization					10,682,277
Interest on Investments					366,376
Miscellaneous					116,465
Total General Revenues					12,841,258
Change in Net Position					1,755,723
Net Position, Beginning of Year					36,942,450
Net Position, End of Year					\$ 38,698,173

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025

	GENERAL FUND	BUILDING FUND	FOOD SERVICE FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$12,891,762	\$ 825,817	\$ 380,310	\$ 531,735	\$ 14,629,624
Investments	4,002,576	-	-	1,103,519	5,106,095
Accounts Receivable	613	-	-	-	613
Due from Other Governments	90,269	-	45,792	107,452	243,513
Due from Other Funds	155,293	-	-	37,734	193,027
Property Tax Receivable	107,076	-	-	42,363	149,439
Inventory	-	-	1,644	-	1,644
TOTAL ASSETS	\$17,247,589	\$ 825,817	\$ 427,746	\$ 1,822,803	\$ 20,323,955
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 38	\$ -	\$ (1,092)	\$ (774)	\$ (1,828)
Accrued Salaries and Benefits	1,154,163	-	66,100	51,527	1,271,790
Due to Other Governments	-	-	-	-	-
Due to Other Funds	37,734	-	104,404	50,889	193,027
Unearned Grant Revenue	5,420	-	628	5,286	11,334
TOTAL LIABILITIES	1,197,355	-	170,040	106,928	1,474,323
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	57,780	-	-	22,858	80,638
TOTAL DEFERRED INFLOWS OF RESOURCES	57,780	-	-	22,858	80,638
FUND BALANCE					
Nonspendable	-	-	1,644	-	1,644
Restricted	425,000	825,817	-	558,029	1,808,846
Committed	-	-	256,062	1,134,988	1,391,050
Assigned	-	-	-	-	-
Unassigned	15,567,454	-	-	-	15,567,454
TOTAL FUND BALANCE	15,992,454	825,817	257,706	1,693,017	18,768,994
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$17,247,589	\$ 825,817	\$ 427,746	\$ 1,822,803	\$ 20,323,955

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total governmental fund balances		\$ 18,768,994
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,099,560
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		3,028,314
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bond Payable	\$ (4,743,464)	
Compensated Absences	<u>(249,827)</u>	
		(4,993,291)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(14,171,351)
Certain amounts related to the net pension and OPEB liability are deferred and amortized over time. These are not reported in the funds.		<u>(1,034,053)</u>
Net position of governmental activities		<u><u>\$ 38,698,173</u></u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2025

	GENERAL	BUILDING	FOOD SERVICE	NONMAJOR	TOTAL	TOTAL
	FUND	FUND	FUND	FUNDS	GOVERNMENTAL	GOVERNMENTAL
	FUND	FUND	FUND	FUNDS	FUNDS	FUNDS
REVENUES						
Local Sources	\$ 1,822,231	\$ -	\$ 61,126	\$ 765,618	\$ 2,648,975	\$ 2,648,975
Intermediate Sources	-	-	-	-	-	-
State Sources	11,726,791	-	163,615	72,283	11,962,689	11,962,689
Federal Sources	145,094	-	526,747	419,408	1,091,249	1,091,249
TOTAL REVENUES	13,694,116	-	751,488	1,257,309	15,702,913	15,702,913
EXPENDITURES						
Instructional Program	6,289,117	-	-	325,742	6,614,859	6,614,859
Student Supporting Services	428,098	-	-	483,874	911,972	911,972
Instructional Staff Supporting Services	327,810	-	-	38,927	366,737	366,737
General Admin. Supporting Services	941,452	-	-	20,711	962,163	962,163
School Admin. Supporting Services	767,720	-	-	-	767,720	767,720
Business Supporting Services	66,888	-	-	-	66,888	66,888
Operations and Maint. of Plant Services	955,758	-	-	196,500	1,152,258	1,152,258
Student Transportation Services	491,253	-	-	-	491,253	491,253
Central Supporting Services	1,086,245	-	-	-	1,086,245	1,086,245
Food Services	-	-	894,970	-	894,970	894,970
Facilities Acq. and Const. Services	-	45,085	-	684,927	730,012	730,012
Debt Service	-	-	-	393,057	393,057	393,057
TOTAL EXPENDITURES	11,354,341	45,085	894,970	2,143,738	14,438,134	14,438,134
Excess (Deficiency) of Revenues over Expenditures	2,339,775	(45,085)	(143,482)	(886,429)	1,264,779	1,264,779
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	-	-	250,000	941,534	1,191,534	1,191,534
Transfers to Other Funds	(1,191,534)	-	-	-	(1,191,534)	(1,191,534)
TOTAL OTHER FINANCING SOURCES (USES)	(1,191,534)	-	250,000	941,534	-	-
Net Change in Fund Balance	1,148,241	(45,085)	106,518	55,105	1,264,779	1,264,779
FUND BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	14,844,213	870,902	-	1,789,100	17,504,215	17,504,215
Change within financial reporting entity (nonmajor to major fund)	-	-	151,188	(151,188)	-	-
FUND BALANCE, BEGINNING OF YEAR RESTATED	14,844,213	870,902	151,188	1,637,912	17,504,215	17,504,215
FUND BALANCE, END OF YEAR	\$15,992,454	\$ 825,817	\$ 257,706	\$ 1,693,017	\$ 18,768,994	\$ 18,768,994

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 1,264,779

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Fixed asset additions	\$	1,254,623	
Fixed asset deletions, net of accumulated depreciation		(3,828)	
Depreciation expense		<u>(961,871)</u>	
			288,924

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

General Obligation Bond Payment			248,600
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences			(85,997)
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.

			<u>39,417</u>
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Change in net position of governmental activities			<u><u>\$ 1,755,723</u></u>
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NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	CUSTODIAL FUND
ASSETS	
Cash in Bank	\$ 28,328
TOTAL ASSETS	28,328
NET POSITION	
Restricted for Scholarships	28,328
TOTAL NET POSITION	\$ 28,328

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

	CUSTODIAL FUND
ADDITIONS	
Receipts	\$ 36,732
Total Additions	36,732
DEDUCTIONS	
Disbursements	36,000
Total Deductions	36,000
Net Increase (Decrease) in Fiduciary Net Position	732
Net Position- Beginning of the Year	27,596
Net Position- End of the Year	\$ 28,328

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

North Conejos School District RE-1J is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the school district. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

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

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

Based on the aforementioned criteria, the North Conejos School District RE-1J has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Building Fund** is used to account for all resources available for acquiring capital sites, buildings, and equipment. Specifically, bond and grant proceeds for the BEST High School construction project.
- The **Food Service Fund** is used to account for the operations of the school breakfast and lunch programs.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The fiduciary fund financial statements consist of private-purpose trust funds that are fiduciary in nature and present changes in fiduciary net position. Fiduciary funds are accounted for using the economic resources measurement and accrual basis of accounting. These funds are used to account for assets that the District holds for others in a fiduciary capacity.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

The District reports the following private-purpose trust funds:

- The *Custodial Fund* accounts for transactions relating to the Bear Creek Scholarship Trust for the purpose of providing scholarships to District students.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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

Cash and Cash Equivalents

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

Property Taxes

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

Uncollected property taxes that became an enforceable lien January 1, 2025, have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

Receivables/Payables From Other District Funds

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

Inventories

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

USDA Commodities

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Capital Assets

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

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

Assets	Years
Land Improvements	5-20
Buildings	5-75
Equipment	3-20
Vehicles	4-15

Long-Term Obligations

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

Voluntary Early Retirement Bonus Plan

All employees shall be eligible to participate upon completion of 20 years of service, the last 10 of which are to be uninterrupted service to the District. Any employee with fewer than 20 years but at least 15 years of uninterrupted service to the District can elect early retirement with a loss of five percent for each year short of the minimum 20 years.

Compensated Absences

Employees of the District earn sick leave each year. Certified staff receive nine days of sick leave per contract year and may accumulate up to 45 days. Classified staff receive nine days per year and may accumulate up to 30 days. Certified staff are paid for any accumulated sick leave in excess of 45 days at the certified substitute rate per day.

Upon retirement, employees who meet eligibility requirements under the Public Employees' Retirement Association (PERA) shall be paid for three-fourths of all accrued sick leave not taken at the substitute rate, not to exceed payment for more than 30 days of accrued sick leave. A liability is accrued in the government-wide financial statements.

Unearned Grant Revenue

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Deferred Outflows/Inflows of Resources

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

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

Certain amounts related to pensions and OPEB must be deferred.

Pensions

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

Other Postemployment Benefits (OPEB)

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

Net Position

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Fund Balance

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Building Fund	Food Service Fund	Total Nonmajor Funds	Total Governmental Funds
Nonspendable					
Inventory	\$ -	\$ -	\$ 1,644	\$ -	\$ 1,644
Restricted					
TABOR 3% Reserve	425,000	-	-	-	425,000
Debt Service	-	-	-	558,029	558,029
Capital Projects	-	825,817	-	-	825,817
	<u>425,000</u>	<u>825,817</u>	<u>-</u>	<u>558,029</u>	<u>1,808,846</u>
Committed					
GDPG	-	-	-	28,541	28,541
Food Service	-	-	256,062	-	256,062
Pupil Activities	-	-	-	269,675	269,675
Capital Projects	-	-	-	836,772	836,772
	<u>-</u>	<u>-</u>	<u>256,062</u>	<u>1,134,988</u>	<u>1,391,050</u>
Assigned					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned					
	<u>15,567,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,567,454</u>
Total Fund Balance	<u><u>\$ 15,992,454</u></u>	<u><u>\$ 825,817</u></u>	<u><u>\$ 257,706</u></u>	<u><u>\$ 1,693,017</u></u>	<u><u>\$ 18,768,994</u></u>

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

Encumbrances

The District records purchase orders in the accounting system. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as assigned fund balance.

Use of Estimates

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

Reclassifications

Certain amounts from 2024 have been reclassified to conform to the 2025 financial statement presentation.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

New Accounting Pronouncements

During fiscal year 2025, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences*, that aligns the recognition and measurement guidance for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means under a unified model. In addition, it amended certain previously required disclosures. There is no effect on beginning net position as a result of the implementation of this standard.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

North Conejos School District RE-1J follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

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

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

Stewardship

Expenditures in the Pupil Activity Fund exceeded appropriations by \$40,309 during fiscal year 2025. This may be a violation of Colorado Revised Statutes 22-44-115(1).

The District did not formally adopt a budget resolution appropriating monies in the Building Fund, as required by Colorado school district budget law.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Cash on Hand	\$ 252
Cash in Bank	13,831,883
Cash with Fiscal Agent	825,817
Less: amounts related to Custodial Funds	<u>(28,328)</u>
Total Cash and Cash Equivalents	14,629,624
Investments	
ColoTrust	4,577,911
Money Market - UMB Bank	<u>528,184</u>
Total Investments	<u>5,106,095</u>
 Total cash, cash equivalents and investments	 <u><u>\$ 19,735,719</u></u>

Cash and Deposits

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$13,346,241 of the District’s bank balance of \$14,361,005 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker’s acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Fair Value – Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by the U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotruster.com. The total COLOTRUST investment was valued at \$4,577,911 at June 30, 2025 with a credit rating of AAAM by Standard & Poors.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025, consisted of the following:

General Fund	\$ 613
	<u>\$ 613</u>

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2025, the District had \$243,513 due from Federal, State, and Local governments, reflected as due from other governments in the accompanying basic financial statements.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2025 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental Designated Purpose Grants Fund	\$ 50,889
Capital Reserve Capital Projects Fund	General Fund	37,734
General Fund	Food Service Fund	104,404
		\$ 193,027

Interfund Transfers

Interfund transfers for the year ended June 30, 2025 were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 250,000
Pupil Activity Fund	General Fund	75,000
Capital Reserve Capital Projects Fund	General Fund	866,534
		\$ 1,191,534

The General Fund transfers were made to subsidize the Food Service Fund, Pupil Activity Fund, and Capital Reserve Capital Projects Fund.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance 06/30/2024	Additions	Deletions	Balance 06/30/2025
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 348,996	\$ -	\$ -	\$ 348,996
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	348,996	-	-	348,996
Capital Assets Being Depreciated				
Land Improvements	1,537,298	163,100	-	1,700,398
Buildings	39,220,193	514,668	-	39,734,861
Equipment	2,566,341	440,631	10,142	2,996,830
Vehicles	2,226,223	136,224	25,075	2,337,372
Total Capital Assets Being Depreciated	45,550,055	1,254,623	35,217	46,769,461
Less: Accumulated Depreciation For				
Land Improvements	878,206	34,660	-	912,866
Buildings	5,046,468	758,493	-	5,804,961
Equipment	1,599,565	110,886	10,142	1,700,309
Vehicles	1,564,176	57,832	21,247	1,600,761
Total Accumulated Depreciation	9,088,415	961,871	31,389	10,018,897
Net Capital Assets Being Depreciated	36,461,640	292,752	3,828	36,750,564
Total Capital Assets	\$ 36,810,636	\$ 292,752	\$ 3,828	\$ 37,099,560

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

<i>Governmental Activities</i>	
Instructional Program	\$ 725,918
Student Supporting Services	72,539
General Administration Supporting Services	29,886
Operations and Maintenance of Plant Services	69,938
Student Transportation Services	55,619
Food Services	7,971
Total Depreciation Expense - Governmental Activities	\$ 961,871

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$1,271,790.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2025, were as follows:

	Balance 06/30/2024	Additions	Deletions	Balance 06/30/2025	Due Within One Year
<i>Governmental Activities</i>					
G.O.Bonds Payable	\$ 4,992,064	\$ -	\$ 248,600	\$ 4,743,464	\$ 255,938
Compensated Absences*	163,830	85,997	-	249,827	207,158
Total Governmental Activities	<u>\$ 5,155,894</u>	<u>\$ 85,997</u>	<u>\$ 248,600</u>	<u>\$ 4,993,291</u>	<u>\$ 463,096</u>

* The change in compensated absences liability is presented as a net change.

General Obligation Bonds

On December 5, 2019, the District issued general obligation bonds series 2019O in the amount of \$5,919,082 with an interest rate of 2.952% to be paid in full December 1, 2039. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of a new school.

The annual debt service for the General Obligation Bond is as follows:

	Principal	Interest	Totals
FY 2026	\$ 255,938	\$ 136,249	\$ 392,187
FY 2027	263,494	128,583	392,077
FY 2028	271,272	120,690	391,962
FY 2029	279,280	112,564	391,844
FY 2030	287,524	104,198	391,722
FY 2031-2035	1,570,061	386,594	1,956,655
FY 2036-2040	1,815,895	186,742	2,002,637
	<u>\$ 4,743,464</u>	<u>\$ 1,175,620</u>	<u>\$ 5,919,084</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Contributions provisions as of June 30, 2025. Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through June 30, 2025
Employer Contribution Rate	11.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,326,821, for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the TPL to December 31, 2024. The District’s proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2025, the District reported a liability of \$13,924,295 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

North Conejos School District's proportionate share of the net position liability	\$	13,924,295
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the North Conejos School District		1,250,623
Total	\$	15,174,918

At December 31, 2024, the District's proportion was 0.081%, which was a decrease of 0.007% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$58,885 and revenue of \$114,145 for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 788,512	\$ -
Changes of assumptions or other inputs	104,392	-
Net difference between projected and actual earnings on pension plan investments	262,713	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,148,171	892,727
Contributions subsequent to the measurement date	682,794	-
Total	\$ 2,986,582	\$ 892,727

\$682,794 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2026	\$ 1,145,165
2027	965,290
2028	(512,028)
2029	(187,366)
2030	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Rate	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:	4.00%-13.40%
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Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

	Mortality Rate	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	<u>100.00%</u>	

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

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 18,878,118	\$ 13,924,295	\$ 9,774,777

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

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

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

PERA Benefit Structure

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$66,406 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$274,056 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District proportion was 0.0517%, which was a decrease of 0.0006% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025 the District recognized OPEB expense of (\$98,300). At June 30, 2025, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 54,496
Net difference between projected and actual earnings on		
OPEB plan investments	838	-
Changes of assumptions or other inputs	2,833	78,971
Changes in proportion and differences between contributions		
recognized and proportionate share of contributions	3,888	7,859
Contributions subsequent to the measurement date	34,173	-
Total	\$ 41,732	\$ 141,326

\$34,173 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	\$ (40,624)
2027	(22,496)
2028	(30,334)
2029	(19,151)
2030	(13,650)
Thereafter	(7,513)

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Actuarial assumptions. The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033.

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Sample Age	MAPD PPO #1 with		MAPD PPO #2 with		MAPD HMO (Kaiser) with	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

Sample Age	MAPD PPO #1 with		MAPD PPO #2 with		MAPD HMO (Kaiser) with	
	Medical Part A		Medical Part A		without Medicare Part	
	Male	Female	Male	Female	Male	Female
65	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 (actual dollars) per month.

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

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

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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Year	PERACare	MAPD PPO #2	Medicare Part A
	Medicare Plans		Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Rate	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Rate	Adjustments, as Applicable
Members other than Safety Officers	Pub-2010 Disabled Retiree	99% of the rates for all ages

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

- Per capita health care costs in effect as of the December 31, 2023 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	School Division
Salary increases, including wage inflation:	4.00%-13.40%

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

- Salary scale assumptions were altered to better reflect actual experience.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$ 1,824	\$ 6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Rate	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Rate	Adjustments, as Applicable
Members other than Safety Officers	Pub-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate	7.55%	8.55%	9.55%
Ultimate MAPD PPO #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$240,400	\$247,056	\$254,589

¹For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 302,771	\$ 247,056	\$ 199,023

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available annual comprehensive financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2025, program members contributed \$15,421 for the Voluntary Investment Program. The District does not make matching contributions to this plan.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 JOINT VENTURES

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

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

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2025. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB.

The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2025. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 14 TABOR EMERGENCY RESERVE

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

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

On November 6, 2001 voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 2000-01 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

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

NOTE 15 RISK MANAGEMENT

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

Level funding Health Plan

Effective July 1, 2014, the District established a self-funded health benefit program for its employees. The benefit program administrator, Gravie, is responsible for the approval, processing, and payment of claims. The District remits monthly payments to the Administrator for claims, administrative fees, and stop-loss costs. The benefit program reports on a fiscal year ending June 30, 2025. The program is accounted for in the General Fund of the District. The District has purchased stop-loss coverage for amounts in excess of \$40,000 per individual and aggregate coverage subject to a 120% corridor and cumulative attachment limits calculated each month. Effective July 1, 2024, the District's benefit program administrator is Gravie.

The costs associated with the health plan are reported as health insurance expenses for the employee paid premiums and a payroll deduction for the employees. The District does not report a liability based on the requirements of Governmental Accounting Standards Board Statement No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 16 COMMITMENTS AND CONTINGENCIES

Grants

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

Restricted Cash with Fiscal Agent- Bond Funds

At June 30, 2025, the District reported \$325,762 in cash with its fiscal agent related to the 2019 bond issuance. During fiscal year 2025, the State Treasury directed that these funds be transferred from the project fund with the fiscal agent to the principal account for the District's outstanding 2019 bond issue. As of June 30, 2025, these funds have not yet been applied to reduce the principal balance of the related debt. The District has been informed by the Colorado Department of Education that the resolution of this transfer is still in progress with the State Treasurer's Office. In addition, the District reported \$500,000 in cash with the Colorado Department of Education related to the 2019 bond issuance. The Colorado Department of Education continues to hold these funds, and no final plan has been established for their disposition.

NORTH CONEJOS SCHOOL DISTRICT RE-1J

REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liability is required to supplement the basic financial statements.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 1,237,367	\$ 1,316,782	\$ 1,822,231	\$ 505,449
Intermediate Sources	-	-	-	-
State Sources	10,826,240	11,461,866	11,726,791	264,925
Federal Sources	398,721	398,721	145,094	(253,627)
TOTAL REVENUES	12,462,328	13,177,369	13,694,116	516,747
EXPENDITURES				
Instructional Program	6,260,590	6,789,355	6,289,117	500,238
Student Supporting Services	458,498	458,498	428,098	30,400
Instructional Staff Supporting Services	352,057	352,057	327,810	24,247
General Administration Supporting Services	1,004,364	1,004,364	941,452	62,912
School Administration Supporting Services	802,669	802,669	767,720	34,949
Business Supporting Services	135,000	135,000	66,888	68,112
Operations and Maintenance of Plant Services	1,220,026	1,220,026	955,758	264,268
Student Transportation Services	621,794	621,794	491,253	130,541
Central Supporting Services	1,282,330	1,282,330	1,086,245	196,085
TOTAL EXPENDITURES	12,137,328	12,666,093	11,354,341	1,311,752
Excess (deficiency) of Revenues over Expenditures	325,000	511,276	2,339,775	1,828,499
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(325,000)	(511,276)	(1,191,534)	(680,258)
TOTAL OTHER FINANCING SOURCES (USES)	(325,000)	(511,276)	(1,191,534)	(680,258)
Net Change in Fund Balance	-	-	1,148,241	1,148,241
Fund Balance, Beginning of Year	-	14,844,213	14,844,213	-
Fund Balance, End of Year	\$ -	\$ 14,844,213	\$ 15,992,454	\$ 1,148,241

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 50,000	\$ 50,000	\$ 61,126	\$ 11,126
State Sources	94,457	151,565	163,615	12,050
Federal Sources	293,720	493,720	526,747	33,027
TOTAL REVENUES	<u>438,177</u>	<u>695,285</u>	<u>751,488</u>	<u>56,203</u>
EXPENDITURES				
Instructional Program	-	-	-	-
Supporting Services				
Food Services				
Salaries	216,650	316,650	319,459	(2,809)
Fringe Benefits	95,789	152,897	145,775	7,122
Purchased Professional Services	-	-	-	-
Other Purchased Services	-	-	-	-
Supplies	375,738	475,738	429,736	46,002
TOTAL EXPENDITURES	<u>688,177</u>	<u>945,285</u>	<u>894,970</u>	<u>50,315</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>(250,000)</u>	<u>(250,000)</u>	<u>(143,482)</u>	<u>106,518</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	106,518	106,518
Fund Balance, Beginning of Year	<u>-</u>	<u>204,145</u>	<u>151,188</u>	<u>355,333</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 204,145</u>	<u>\$ 257,706</u>	<u>\$ 53,561</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA PENSION PLAN
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0807%	0.0873%	0.0685%	0.0790%	0.0893%	0.0809%	0.0826%	0.1050%	0.1098%	0.1139%
District's proportionate share of the net of the net pension liability (asset)	\$ 13,924,295	\$ 15,439,508	\$ 12,471,261	\$ 9,197,366	\$ 13,506,926	\$ 12,091,684	\$ 14,622,908	\$ 33,942,394	\$ 32,692,413	\$ 17,420,461
State's proportionate share of the net pension liability (asset) associated with the District	1,250,623	338,543	3,634,251	1,054,360	-	1,533,676	1,999,480	-	-	-
Total	\$ 15,174,918	\$ 15,778,051	\$ 16,105,512	\$ 10,251,726	\$ 13,506,926	\$ 13,625,360	\$ 16,622,388	\$ 33,942,394	\$ 32,692,413	\$ 17,420,461
District's covered payroll	\$ 6,235,869	\$ 5,772,012	\$ 5,299,551	\$ 4,939,410	\$ 4,779,269	\$ 4,754,625	\$ 4,559,924	\$ 4,841,973	\$ 4,928,124	\$ 4,969,663
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	223%	267%	235%	186%	283%	254%	321%	701%	663%	351%
Plan fiduciary net position as a percentage of the total pension liability	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA PENSION PLAN
For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,326,821	\$ 1,219,795	\$ 1,131,279	\$ 1,015,566	\$ 952,309	\$ 957,148	\$ 835,170	\$ 908,251	\$ 901,605	\$ 877,676
Contributions in relation to the contractually required contribution	<u>(1,326,821)</u>	<u>(1,219,795)</u>	<u>(1,131,279)</u>	<u>(1,015,566)</u>	<u>(952,309)</u>	<u>(957,148)</u>	<u>(835,170)</u>	<u>(908,251)</u>	<u>(901,605)</u>	<u>(877,676)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,510,405	\$ 5,985,242	\$ 5,550,916	\$ 5,108,472	\$ 4,790,286	\$ 4,938,834	\$ 4,365,759	\$ 4,809,692	\$ 4,904,788	\$ 4,949,235
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

See Notes to the Required Supplementary Information.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0517%	0.0522%	0.0520%	0.0516%	0.0517%	0.0529%	0.0537%	0.0596%	0.0624%
District's proportionate share of the net OPEB liability (asset)	\$ 274,056	\$ 372,802	\$ 424,573	\$ 444,968	\$ 491,095	\$ 594,355	\$ 730,240	\$ 775,100	\$ 809,205
District's covered payroll	\$ 6,235,869	\$ 5,772,012	\$ 5,299,551	\$ 4,939,410	\$ 4,779,269	\$ 4,754,625	\$ 4,559,924	\$ 4,841,973	\$ 4,928,124
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	4%	6%	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	20.07%

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

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 66,406	\$ 61,049	\$ 56,619	\$ 52,106	\$ 48,861	\$ 50,376	\$ 44,531	\$ 49,059	\$ 50,029
Contributions in relation to the contractually required contribution	(66,406)	(61,049)	(56,619)	(52,106)	(48,861)	(50,376)	(44,531)	(49,059)	(50,029)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,510,405	\$ 5,985,242	\$ 5,550,916	\$ 5,108,472	\$ 4,790,286	\$ 4,938,834	\$ 4,365,759	\$ 4,809,692	\$ 4,904,788
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 PENSION PLAN - COLORADO PERA SCHDTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024

- There were no changes made to the plan provisions.

2023

- 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.

2022

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- Employer contribution rates increase by 0.50%.
- AI cap is lowered from 1.50% per year to 1.25% per year.

2018

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year.
 - Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years.

2017 – no changes

2016 – no changes

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

2023 – no changes

2022– no changes

2021

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

2018

- The single equivalent interest rate (SEIR) was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

2016

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

Subsequent Events

- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

NOTE 2 OTHER POST-EMPLOYMENT BENEFIT PLAN - COLORADO PERA HCTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

2023

- 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 \$24,000 payment received on December 4, 2023 and a \$2,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

were \$1,033 and \$24,967, respectively.

2022

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

2021 – no changes

2020 – no changes

2019 – no changes

2018 – no changes

2017

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063 and \$96, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

2023 – no changes

2022

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 – no changes

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 – no changes

2018 – no changes

2017 – no changes

NORTH CONEJOS SCHOOL DISTRICT RE-1J

SUPPLEMENTARY INFORMATION

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Governmental Designated Purpose Grants Fund – Used to account for financial transactions for grants received for designated programs funded by federal, state, or local governments.

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

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted or committed to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Capital Reserve Capital Projects Fund – Used to account for the acquisition of sites, buildings, equipment, and vehicles.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Debt Service Fund – Used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on the long-term general obligation debt or long-term voter-approved financed-purchase debt.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025

	<u>SPECIAL REVENUE FUNDS</u>			CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS
	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	PUPIL ACTIVITY FUND	DEBT SERVICE FUND		
ASSETS					
Cash and Cash Equivalents	\$ 39,967	\$ 269,675	\$ -	\$ 222,093	\$ 531,735
Investments	-	-	528,184	575,335	1,103,519
Accounts Receivable	-	-	-	-	-
Property Tax Receivable	-	-	42,363	-	42,363
Due From Other Governments	95,502	-	10,340	1,610	107,452
Due From Other Funds	-	-	-	37,734	37,734
Inventory	-	-	-	-	-
TOTAL ASSETS	\$ 135,469	\$ 269,675	\$ 580,887	\$ 836,772	\$ 1,822,803
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ (774)	\$ -	\$ -	\$ -	\$ (774)
Accrued Salaries and Benefits	51,527	-	-	-	51,527
Due to Other Funds	50,889	-	-	-	50,889
Unearned Grant Revenue	5,286	-	-	-	5,286
TOTAL LIABILITIES	106,928	-	-	-	106,928
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	-	-	22,858	-	22,858
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	22,858	-	22,858
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	-	558,029	-	558,029
Committed	28,541	269,675	-	836,772	1,134,988
TOTAL FUND BALANCE	28,541	269,675	558,029	836,772	1,693,017
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 135,469	\$ 269,675	\$ 580,887	\$ 836,772	\$ 1,822,803

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	<u>SPECIAL REVENUE FUNDS</u>				CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS
	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	FOOD SERVICE FUND	PUPIL ACTIVITY FUND	DEBT SERVICE FUND		
REVENUES						
Local Sources	\$ -	\$ -	\$ 314,764	\$ 423,856	\$ 26,998	\$ 765,618
State Sources	72,283	-	-	-	-	72,283
Federal Sources	419,408	-	-	-	-	419,408
TOTAL REVENUES	491,691	-	314,764	423,856	26,998	1,257,309
EXPENDITURES						
Instructional Program	325,742	-	-	-	-	325,742
Student Supporting Services	103,565	-	380,309	-	-	483,874
Instructional Staff Supporting Services	38,927	-	-	-	-	38,927
General Administration Supporting Services	20,711	-	-	-	-	20,711
Operations and Maint. of Plant Services	-	-	-	-	196,500	196,500
Food Service Operations	-	-	-	-	-	-
Facilities Acq. and Const. Services	-	-	-	-	684,927	684,927
Debt Service	-	-	-	393,057	-	393,057
TOTAL EXPENDITURES	488,945	-	380,309	393,057	881,427	2,143,738
Excess (deficiency) of						
Revenues over Expenditures	2,746	-	(65,545)	30,799	(854,429)	(886,429)
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	-	-	75,000	-	866,534	941,534
TOTAL OTHER FINANCING SOURCES (USES)	-	-	75,000	-	866,534	941,534
Net Change in Fund Balance	2,746	-	9,455	30,799	12,105	55,105
Fund Balance, Beginning of Year as Previously Stated	25,795	151,188	260,220	527,230	824,667	1,789,100
Change within financial reporting entity (nonmajor to major)	-	(151,188)	-	-	-	(151,188)
Fund Balance, Beginning of Year Restated	25,795	-	260,220	527,230	824,667	1,637,912
Fund Balance, End of Year	\$ 28,541	\$ -	\$ 269,675	\$ 558,029	\$ 836,772	\$ 1,693,017

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 26,180	\$ 26,180	\$ -	\$ (26,180)
State Sources	66,933	66,933	72,283	5,350
Federal Sources	484,667	452,121	419,408	(32,713)
TOTAL REVENUES	577,780	545,234	491,691	(53,543)
EXPENDITURES				
Instructional Program	356,059	324,013	325,742	(1,729)
Student Supporting Services	142,729	142,729	103,565	39,164
Instructional Staff Supporting Services	58,275	58,275	38,927	19,348
General Administration Supporting Services	20,717	20,717	20,711	6
TOTAL EXPENDITURES	577,780	545,734	488,945	56,789
Excess (deficiency) of				
Revenues over Expenditures	-	(500)	2,746	3,246
OTHER FINANCING SOURCES (USES)				
Proceeds from Loans	-	500	-	(500)
TOTAL OTHER FINANCING SOURCES (USES)	-	500	-	(500)
Net Change in Fund Balance	-	-	2,746	2,746
Fund Balance, Beginning of Year	-	25,629	25,795	166
Fund Balance, End of Year	\$ -	\$ 25,629	\$ 28,541	\$ 2,912

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources				
Class and Club Activities	\$ 305,000	\$ 305,000	\$ 314,764	\$ 9,764
TOTAL REVENUES	<u>305,000</u>	<u>305,000</u>	<u>314,764</u>	<u>9,764</u>
EXPENDITURES				
Student Support Services	<u>340,000</u>	<u>340,000</u>	<u>380,309</u>	<u>(40,309)</u>
TOTAL EXPENDITURES	<u>340,000</u>	<u>340,000</u>	<u>380,309</u>	<u>(40,309)</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>(35,000)</u>	<u>(35,000)</u>	<u>(65,545)</u>	<u>(30,545)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>35,000</u>	<u>35,000</u>	<u>75,000</u>	<u>40,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>35,000</u>	<u>35,000</u>	<u>75,000</u>	<u>40,000</u>
Net Change in Fund Balance	-	-	9,455	9,455
Fund Balance, Beginning of Year	<u>-</u>	<u>260,220</u>	<u>260,220</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 260,220</u>	<u>\$ 269,675</u>	<u>\$ 9,455</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 395,966	\$ 395,966	\$ 423,856	\$ 27,890
TOTAL REVENUES	<u>395,966</u>	<u>395,966</u>	<u>423,856</u>	<u>27,890</u>
EXPENDITURES				
Debt Service	<u>395,966</u>	<u>395,966</u>	<u>393,057</u>	<u>2,909</u>
TOTAL EXPENDITURES	<u>395,966</u>	<u>395,966</u>	<u>393,057</u>	<u>2,909</u>
Net Change in Fund Balance	-	-	30,799	30,799
Fund Balance, Beginning of Year	<u>-</u>	<u>397,774</u>	<u>527,230</u>	<u>129,456</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 397,774</u>	<u>\$ 558,029</u>	<u>\$ 160,255</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ 26,998	\$ 26,998
State Sources	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>26,998</u>	<u>26,998</u>
EXPENDITURES				
Current Expenditures				
Operation and Maint. of Plant and Equip	186,181	186,181	196,500	(10,319)
Debt Service	-	-	-	-
Facilities Acquisition and Const. Services	392,458	761,569	684,927	76,642
TOTAL EXPENDITURES	<u>578,639</u>	<u>947,750</u>	<u>881,427</u>	<u>66,323</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(578,639)	(947,750)	(854,429)	93,321
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	578,639	947,750	866,534	(81,216)
TOTAL OTHER FINANCING SOURCES (USES)	<u>578,639</u>	<u>947,750</u>	<u>866,534</u>	<u>(81,216)</u>
Net Change in Fund Balance	-	-	12,105	12,105
Fund Balance, Beginning of Year	<u>-</u>	<u>962,821</u>	<u>824,667</u>	<u>(138,154)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 962,821</u>	<u>\$ 836,772</u>	<u>\$ (126,049)</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Facilities Acquisition and Const. Services	-	-	45,085	(45,085)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>45,085</u>	<u>(45,085)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(45,085)	(45,085)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	866,534	866,534
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>866,534</u>	<u>866,534</u>
Net Change in Fund Balance	-	-	(45,085)	(45,085)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>870,902</u>	<u>870,902</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,817</u>	<u>\$ 825,817</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
CUSTODIAL FUND
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
ADDITIONS				
Receipts	\$ 30,000	\$ 36,000	\$ 36,732	\$ 732
TOTAL ADDITIONS	<u>30,000</u>	<u>36,000</u>	<u>36,732</u>	<u>732</u>
DEDUCTIONS				
Disbursements	30,000	36,000	36,000	-
TOTAL DEDUCTIONS	<u>30,000</u>	<u>36,000</u>	<u>36,000</u>	<u>-</u>
Net Change in Fiduciary Net Position	-	-	732	732
Net Position, Beginning of Year	<u>-</u>	<u>27,596</u>	<u>27,596</u>	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 27,596</u></u>	<u><u>\$ 28,328</u></u>	<u><u>\$ 732</u></u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J

SINGLE AUDIT SECTION

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 149,051
National School Lunch Program	10.555	Colorado Department of Education, 4555	244,550
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	31,178
<i>Total Child Nutrition Cluster</i>			424,779
<i>Schools and Roads Cluster</i>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Conejos County Treasurer, 7665	20,525
<i>Total Schools and Roads Cluster</i>			20,525
<i>Total All Clusters</i>			445,304
<i>Other Programs</i>			
U.S. Department of Agriculture			
Child Nutrition Discretionary Grants Limited Availability	10.579	Colorado Department of Human Services, 8579	101,968
Summer Electronic Benefit Transfer Program for Children	10.646	Colorado Department of Education, 4646	1,425
<i>Total U.S. Department of Agriculture</i>			103,393
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010/5010	327,638
Career and Technical Education - Basic Grants to States	84.048	Colorado Community College System, 4048	23,610
Rural Education	84.358	Colorado Department of Education, 6358	40,985
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	29,404
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	21,381
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414	99,534
<i>Total U.S. Department of Education</i>			542,552
<i>Total Other Programs</i>			645,945
<i>Total Expenditures of Federal Awards</i>			\$ 1,091,249

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District did not elect to use the 10-percent or 15-percent de minimis indirect cost rate, as applicable, as allowed under Uniform Guidance for the year ended June 30, 2025. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of North Conejos School District RE-1J under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of North Conejos School District RE-1J, it is not intended to and does not present the financial position or changes in net position of North Conejos School District RE-1J.

NOTE 3: FOOD DISTRIBUTION

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

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



Wall,
Smith,
Bateman Inc.

To the Board of Education
North Conejos School District RE-1J
La Jara, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Conejos School District RE-1J (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2025-001 to be a material weakness.

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

Certified Public Accountants

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objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The 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 communication is not suitable for any other purpose.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 9, 2025

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



Wall,
Smith,
Bateman Inc.

To the Board of Education
North Conejos School District RE-1J
La Jara, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Conejos School District RE-1J's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 9, 2025

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
10.665	Schools and Roads Cluster

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

Auditee qualified as a low-risk auditee? _____ yes _____ X no

Section II – Financial Statement Findings

**Finding 2025-001: Internal Control Over Financial Reporting
(Repeat of Finding 2024-001, 2023-001, 2022-001, 2021-001, and 2020-001)**

Type of Finding: Internal Control (material weakness) and Compliance (material noncompliance)

Criteria: A system of internal controls should include the design, documentation, and monitoring of control activities over budgeting, the application of accounting principles, grant reconciliation, interfund transactions, compensated absences, and financial statement preparation. These controls help ensure compliance with generally accepted accounting principles (GAAP) and applicable Colorado statutes.

Condition/Cause: The District has not implemented a complete and effective system of internal controls over several key financial processes, including:

- Year-end grant reconciliation procedures.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025

- Monitoring and timely settlement of interfund loan balances.
- Compliance with budget laws regarding expenditures, appropriations, and the formal adoption of budgets for all funds.
- Processes for calculating and paying out compensated absences in accordance with District policy.

Effect: As a result of this condition, the following areas were affected:

1. Audit adjustments were required to properly state the financial statements as of June 30, 2025, in accordance with GAAP.
2. Grant activity was not properly reconciled at year-end, resulting in additional reconciliations during the audit.
3. Expenditures in the Pupil Activity Fund exceeded appropriations by \$40,309 during fiscal year 2025, which may be a violation of C.R.S. 22-44-115(1).
4. Interfund due to/from accounts had significant balances that remained outstanding for an extended period, with some balances not being settled within the timeframe required by C.R.S. 22-44-113. This statute requires that interfund loans be repaid when needed by the lending fund and, in any case, no later than three months after the beginning of the following budget year.
5. The District did not formally adopt a budget resolution appropriating monies in the Building Fund, as required by Colorado school district budget law.
6. The District's processes for calculating and paying out compensated absences were not consistent with its adopted policy, increasing the risk of inaccurate financial reporting and noncompliance with both District policy and GASB Statement No. 101.

Recommendation: The District should:

- Develop and implement comprehensive internal control policies and procedures for monthly and year-end grant reconciliations, interfund account settlements, and compensated absences.
- Ensure all interfund loans are properly repaid in accordance with C.R.S. 22-44-113.
- Monitor budget-to-actual reports and approve supplemental budgets as necessary to ensure compliance with C.R.S. 22-44-115(1).
- Ensure that formal budget resolutions appropriating monies are adopted for each fund, including the Building Fund, in accordance with Colorado school district budget law.
- Review and update processes for compensated absences to ensure consistency with District policy and authoritative accounting guidance.
- Provide training and oversight to ensure ongoing compliance and timely remediation of identified deficiencies.

Management's Response: See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2025**

Section II – Financial Statement Findings

**Finding 2024-001: Internal Control Over Financial Reporting
(Repeat of Finding 2023-001, 2022-001, 2021-001, and 2020-001)**

Type of finding: Internal Control (material weakness)

Condition/Cause: The District has not implemented a complete system of internal controls over year-end reconciliation procedures including proper grant reconciliation and compliance with budget laws.

Recommendation: The District should improve internal controls with adopted policies and procedures to include a review process of monthly and year-end reconciliations to ensure the financial statements are properly stated and grants are reconciled to the general ledger. Management should ensure the District is in compliance with Colorado Revised Statutes by monitoring budget to actual reports and approve supplemental budgets for expenditures that exceed appropriations as necessary.

Status: Not implemented. See Finding 2025-001.

Section III – Federal Award Findings and Questioned Costs

**Finding 2024-002: COVID-19 Education Stabilization Fund
Assistance Listing Numbers: 84.425D, 84.425R, and 84.425U
U.S. Department of Education**

Pass-through: Colorado Department of Education

Compliance Requirement: Reporting

Grant No.: 4420, 4414, 9414, 6427

Type of Finding: Internal Control (material weakness) and Compliance (material noncompliance)

Condition: We examined the Elementary and Secondary Emergency Relief (ESSER) III Annual Financial Report for the Education Stabilization Fund grant submitted in FY2024 for FY2023 activity. Additional expenditures of \$418,489 should have been reported to agree to the supporting accounting records.

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure accurate federal grant financial reporting.

Status: Implemented



North Conejos School District RE 1-J



P.O. Box 72
La Jara, CO 81140
www.northconejos.com

Office of the Superintendent

Phone (719)274-5174
Fax (719)-274-5621

CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Department of Education

North Conejos School District RE-1J respectfully submits the following corrective action plan for the year ended June 30, 2025.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended June 30, 2025

The findings from the June 30, 2025 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

**Finding 2025-001: Internal Control Over Financing Reporting
(Repeat of Finding 2024-001, 2022-001, 2021-001, and 2020-001)**

Type of finding: Internal Control (material weaknesses) and Compliance (material noncompliance)

Recommendation: The District should:

- Develop and implement comprehensive internal control policies for monthly and year-end grant reconciliations, interfund account settlements, and compensated absences.
- Ensure all interfund loans are properly repaid in accordance with C.R.S. 22-44-113.
- Monitor budget-to-actual reports and approve supplemental budgets as necessary to ensure compliance with C.R.S. 22-44-115(1).
- Ensure that formal budget resolutions appropriating monies are adopted for each fund, including the Building Fund, in accordance with Colorado school district budget law.
- Review and update processes for compensated absences to ensure consistency with District policy and authoritative accounting guidance.
- Provide training and oversight to ensure ongoing compliance and timely remediation of identified deficiencies.



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Action Taken: The District will develop and implement stronger policies and procedures to reconcile the findings of internal control weaknesses and materials compliance.

- a) The district will implement internal control policies and procedures for reconciling grants, interfund account settlements, and compensated absences on a monthly and year-end basis.
- b) The district will implement procedures to ensure that all interfund loans are paid in a timely manner.
- c) The district will institute a system of procedures that brings a higher degree of monitoring the future need for supplemental budgets and ensuring compliance with Colorado Revised Statutes.
- d) The district will implement a system of procedures that ensures budget resolutions are adopted for each fund.
- e) The district is revising and updating employee leave policies and procedures that will bring the processes of consistency in compensated absences.
- f) The district will institute a system with more oversight which fosters greater training opportunities in the areas noted as deficiencies.

If there are questions regarding this plan, please call the responsible party listed below.

Sincerely yours,

Darren Edgar
Superintendent
North Conejos School District RE-1-J

NORTH CONEJOS SCHOOL DISTRICT RE-1J

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
 District: 0550 - North Conejos RE-1J
 Fiscal Year 2024-25
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	14,844,213	12,502,582	11,354,339	15,992,455
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	14,844,213	12,502,582	11,354,339	15,992,455
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	151,187	1,001,489	894,970	257,706
22 Govt Designated-Purpose Grants Fund	25,794	491,692	488,945	28,540
23 Pupil Activity Special Revenue Fund	260,220	389,764	380,309	269,675
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	527,230	423,856	393,056	558,029
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	870,902	0	45,085	825,817
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	824,668	893,532	881,427	836,772
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	17,504,213	15,702,913	14,438,131	18,768,995
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	27,596	36,732	36,000	28,328
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	27,596	36,732	36,000	28,328

FINAL