

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

FINANCIAL STATEMENTS

June 30, 2024



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

NORTH CONEJOS SCHOOL DISTRICT RE-1J

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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, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 02, 2024, 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 02, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024. 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, 2024, are as follows:

The final net position of the district is \$36,942,450 end of year.

State Equalization was \$9,770,327 this fiscal year.

General Revenues, primarily property taxes, and state equalization payments accounted for \$11,682,478 of all revenues.

The District had \$13,286,088 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 the General Fund and Building Fund.

The General Fund had \$12,643,039 in revenues and \$10,276,462 in expenditures. The General Fund balance increased from \$13,048,136 to \$14,844,213.

The Building Fund's fund balance at the end of the year is \$870,902.

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 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.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 at the bottom of 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, 2024**

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 2025. 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 2024 and 2023 is summarized below:

	FY 2024	FY 2023
Net position (GAAP Basis)	\$ 36,942,450	\$ 35,686,027
GASB 68 - Pension	11,771,556	11,426,493
GASB 75 - OPEB	444,951	534,993
Net position excluding Pension and OPEB	\$ 49,158,957	\$ 47,641,186

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

	FY 2024	FY 2023
Unrestricted - Net position (GAAP Basis)	\$3,349,746	\$ 1,779,107
GASB 68 - Pension	11,771,556	11,426,493
GASB 75 - OPEB	444,951	534,993
Net position excluding Pension and OPEB	\$ 15,566,253	\$ 13,740,593

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Table I
Condensed Statement of Net Position June 30, 2024**

	Governmental Activities	Governmental Activities
	2023	2024
Assets		
Current Assets	\$17,404,083	\$18,843,908
Capital Assets	\$37,193,516	\$36,810,636
Total Assets	\$54,597,599	\$55,654,544
Deferred Outflows of Resources	\$2,962,114	\$4,529,437
Liabilities		
Current	\$1,722,250	\$1,557,345
Long-Term	\$5,168,154	\$4,901,044
Net Pension liability	\$12,471,261	\$15,439,508
Net OPEB Liability	\$424,573	\$372,802
Total Liabilities	\$19,786,238	\$20,713,354
Deferred Inflows of Resources	\$ 2,087,448	\$970,832
Net Position		
Net Investment in Capital Assets	\$31,959,980	\$31,818,572
Tabor reserve	\$376,000	\$376,000
Debt Service	\$497,412	\$527,230
Capital Projects	\$1,073,528	\$870,902
Unrestricted	\$1,779,107	\$3,349,746
Total Net Position	\$35,686,027	\$36,942,450

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**TABLE II
CONDENSED STATEMENT OF ACTIVITIES**

	2023	2024
Revenues		
Program Revenues:		
Charges for Services	\$123,311	\$78,803
Operating Grants & Contrib.	\$3,311,927	\$2,781,230
Capital Grants and Contrib.	\$0	\$0
General Revenues	\$10,998,752	\$11,392,829
Interest on Investments	\$129,935	\$248,320
Miscellaneous	\$62,426	\$41,329
Total Revenues	\$14,626,351	\$14,542,511
Expenses		
Instructional Program	\$7,271,253	\$7,814,697
Student Supporting Services	\$753,151	\$645,672
Instructional Staff Supporting Services	\$570,587	\$283,119
General Administration Supporting Services	\$689,048	\$853,260
School Administration Supporting Services	\$619,214	\$724,908
Business Supporting Services	\$69,953	\$87,330
Operations and Maintenance of Plant Services	\$944,428	\$1,073,516
Student Transportation Services	\$270,330	\$440,598
Central Supporting Services	\$236,214	\$391,809
Food Services	\$532,741	\$798,534
Facilities Acquisition & Construction Services	\$146,966	\$35,633
Debt Service	\$159,556	\$137,012
Total Expenses	\$12,263,441	\$13,286,088
Special Item	\$(309,017)	\$0
Change in Net Position	\$2,053,893	\$1,256,423
Net Position, Beginning of Year	\$33,632,134	\$35,686,027
Net Position, End of Year	\$35,686,027	\$36,942,450

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 2023-2024 was 955. 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.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 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 2024
of Services – Governmental**

	Total Cost- 2024	Total Cost-2023	Net Cost – 2024	Net Cost- 2023
Instructional Program	\$7,814,697	\$7,271,253	\$(7,188,578)	\$(6,433,917)
Student Support Service	\$645,672	\$753,151	\$886,816	\$1,204,668
Instructional Staff Support Service	\$283,119	\$570,587	\$(283,119)	\$(570,587)
General Admin Support Services	\$853,260	\$689,048	\$(853,260)	\$(689,048)
School Admin Support Service	\$724,908	\$619,214	\$(724,908)	\$(619,214)
Business Support Service	\$87,330	\$69,953	\$(87,330)	\$(69,953)
Operation & Maintenance	\$1,073,516	\$944,428	\$(1,073,516)	\$(944,428)
Student Transportation	\$440,598	\$270,330	\$(367,194)	\$(202,732)
Central Support Service	\$391,809	\$236,214	\$(391,809)	\$(236,214)
Facility acquisition/construction	\$35,633	\$146,966	\$(35,633)	\$(146,966)
Food Service	\$798,534	\$532,741	\$(170,512)	\$39,744
Debt Service	\$137,012	\$159,556	\$(137,012)	\$(159,556)
Total Expenses	\$13,286,088	\$12,263,441	\$(10,426,055)	\$(8,828,203)

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. Total final appropriations exceeded actual expenditures in the General Fund by \$836,533.

CAPITAL ASSETS AND DEBT ADMINISTRATION

On June 30, 2024, the District had \$36,810,636 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, 2024**

**Table IV
Capital Assets at June 30, 2024
(Net of Depreciation)**

	Total School	
	District	
	2024	2023
Sites (LAND)	\$348,996	\$348,996
CIP	\$0	\$29,426,885
Land Improvements	\$1,537,298	\$1,382,478
Buildings	\$39,220,193	\$9,505,172
Equipment	\$2,566,341	\$2,549,154
Vehicles	\$2,226,223	\$2,169,304
Less: Accumulated Depreciation	\$(9,088,415)	\$(8,188,473)
Totals	\$36,810,636	\$37,193,516

As of June 30, 2024 the District had \$5,155,894 recorded as long term debt. Table V details this outstanding debt and the portion due within one year for the District. Compensated absences of \$163,830 are considered paid when used or when it is bought back upon an employee retiring or resigning. Table compares that debt to fiscal year 2023.

**Table V Outstanding Debt
Current and Total at June 30, 2024**

	Governmental Activities		Governmental Activities	
	Due Within One Year/Total Debt		Due Within One Year/Total Debt	
	2024		2023	
Compensated Absences	\$6,250	\$163,830	\$0	\$176,090
Bonds Payable	\$248,600	\$4,992,064	\$241,472	\$5,233,536
TOTAL	\$254,850	\$5,155,894	\$241,472	\$5,409,626

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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
- 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:

2020: 1,001 *enrollment decline largely in consideration of COVID 19 'homeschool' options, at the time of audit, thirty-two (32) students are engaged in home-school who were counted last year. Due to the nature of the pandemic and resulting shifts in positivity rate, enrollment may be further affected.

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.

SECURE RURAL SCHOOLS (SRS) FUNDS

At the time of this audit, SRS funds have not been approved legislatively for the future. Ranging historically as a revenue of approximately \$150,000 to the district, no bill re-establishing this funding, in lieu of the area being heavily forested by federal land which provides no tax revenue to the district, has been approved.

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, 2024

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 13,421,793
Investments	4,857,582
Accounts Receivable	76,441
Property Tax Receivable	37,198
Due from Other Governments	449,250
Inventories	1,644
Total Current Assets	18,843,908
Noncurrent Assets	
Capital Assets not being depreciated	348,996
Capital Assets net of depreciation	36,461,640
Total Noncurrent Assets	36,810,636
TOTAL ASSETS	55,654,544
DEFERRED OUTFLOWS OF RESOURCES	
Pension	4,477,200
OPEB	52,237
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,529,437
LIABILITIES	
Current Liabilities	
Accounts Payable	23,919
Accrued Salaries and Benefits	1,237,707
Unearned Grant Revenue	40,869
Compensated Absences	6,250
General Obligation Bonds	248,600
Total Current Liabilities	1,557,345
Noncurrent Liabilities	
Compensated Absences	157,580
General Obligation Bonds	4,743,464
Net Pension Liability	15,439,508
Net OPEB Liability	372,802
Total Noncurrent Liabilities	20,713,354
TOTAL LIABILITIES	22,270,699
DEFERRED INFLOWS OF RESOURCES	
Pension	809,248
OPEB	124,386
Unavailable Revenue- Property Tax	37,198
TOTAL DEFERRED INFLOWS OF RESOURCES	970,832
NET POSITION	
Net Investment in Capital Assets	31,818,572
Restricted	
Tabor	376,000
Debt Service	527,230
Capital Projects	870,902
Unrestricted	3,349,746
TOTAL NET POSITION	\$ 36,942,450

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, 2024

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	\$ 7,814,697	\$ -	\$ 626,119	\$ -	\$ (7,188,578)
Student Supporting Services	645,672	-	1,532,488	-	886,816
Instructional Staff Supporting Services	283,119	-	-	-	(283,119)
General Administration Supporting Services	853,260	-	-	-	(853,260)
School Administration Supporting Services	724,908	-	-	-	(724,908)
Business Supporting Services	87,330	-	-	-	(87,330)
Operations and Maintenance of Plant Services	1,073,516	-	-	-	(1,073,516)
Student Transportation Services	440,598	-	73,404	-	(367,194)
Central Supporting Services	391,809	-	-	-	(391,809)
Food Services	798,534	78,803	549,219	-	(170,512)
Facilities Acquisition and Construction Services	35,633	-	-	-	(35,633)
Interest on Debt Service	137,012	-	-	-	(137,012)
Total Governmental Activities	<u>13,286,088</u>	<u>78,803</u>	<u>2,781,230</u>	<u>-</u>	<u>(10,426,055)</u>
Total Primary Government	<u>\$ 13,286,088</u>	<u>\$ 78,803</u>	<u>\$ 2,781,230</u>	<u>\$ -</u>	<u>(10,426,055)</u>

General Revenues

Taxes

General Property Taxes - Net	1,392,759
Specific Ownership Taxes	229,513
Other Taxes	230
State Equalization	9,770,327
Interest on Investments	248,320
Miscellaneous	41,329

Total General Revenues 11,682,478

Change in Net Position 1,256,423

Net Position, Beginning of Year 35,686,027

Net Position, End of Year \$ 36,942,450

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024

	GENERAL FUND	BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 11,733,027	\$ 870,902	\$ 817,864	\$ 13,421,793
Investments	3,816,637	-	1,040,945	4,857,582
Accounts Receivable	75,398	-	1,043	76,441
Due from Other Governments	337,122	-	112,128	449,250
Due from Other Funds	35,116	-	37,734	72,850
Property Tax Receivable	15,000	-	22,198	37,198
Inventory	-	-	1,644	1,644
TOTAL ASSETS	\$ 16,012,300	\$ 870,902	\$ 2,033,556	\$ 18,916,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 23,919	\$ 23,919
Accrued Salaries and Benefits	1,109,133	-	128,574	1,237,707
Due to Other Governments	-	-	-	-
Due to Other Funds	37,734	-	35,116	72,850
Unearned Grant Revenue	6,220	-	34,649	40,869
TOTAL LIABILITIES	1,153,087	-	222,258	1,375,345
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	15,000	-	22,198	37,198
TOTAL DEFERRED INFLOWS OF RESOURCES	15,000	-	22,198	37,198
FUND BALANCE				
Nonspendable	-	-	1,644	1,644
Restricted	376,000	870,902	527,230	1,774,132
Committed	-	-	1,260,226	1,260,226
Assigned	-	-	-	-
Unassigned	14,468,213	-	-	14,468,213
TOTAL FUND BALANCE	14,844,213	870,902	1,789,100	17,504,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,012,300	\$ 870,902	\$ 2,033,556	\$ 18,916,758

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, 2024

Total governmental fund balances		\$ 17,504,215
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.		36,810,636
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.		4,529,437
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bond Payable	\$ (4,992,064)	
Compensated Absences	<u>(163,830)</u>	
		(5,155,894)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(15,812,310)
Certain amounts related to the net pension and OPEB liability are deferred and amortized over time. These are not reported in the funds.		<u>(933,634)</u>
Net position of governmental activities		<u><u>\$ 36,942,450</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, 2024

	GENERAL FUND	BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 1,493,955	\$ -	\$ 846,701	\$ 2,340,656
Intermediate Sources	-	-	-	-
State Sources	10,321,966	-	238,634	10,560,600
Federal Sources	827,118	-	814,137	1,641,255
TOTAL REVENUES	12,643,039	-	1,899,472	14,542,511
EXPENDITURES				
Instructional Program	6,653,842	-	350,351	7,004,193
Student Supporting Services	112,368	-	466,951	579,319
Instructional Staff Supporting Services	237,524	-	40,344	277,868
General Admin. Supporting Services	790,685	-	20,619	811,304
School Admin. Supporting Services	705,325	-	-	705,325
Business Supporting Services	87,330	-	-	87,330
Operations and Maint. of Plant Services	868,823	-	106,259	975,082
Student Transportation Services	433,077	-	-	433,077
Central Supporting Services	387,488	-	-	387,488
Food Services	-	-	783,860	783,860
Facilities Acq. and Const. Services	-	202,626	275,963	478,589
Debt Service	-	-	378,484	378,484
TOTAL EXPENDITURES	10,276,462	202,626	2,422,831	12,901,919
Excess (Deficiency) of Revenues over Expenditures	2,366,577	(202,626)	(523,359)	1,640,592
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	570,500	570,500
Transfers to Other Funds	(570,500)	-	-	(570,500)
TOTAL OTHER FINANCING SOURCES (USES)	(570,500)	-	570,500	-
Net Change in Fund Balance	1,796,077	(202,626)	47,141	1,640,592
FUND BALANCE, Beginning of Year	13,048,136	1,073,528	1,741,959	15,863,623
FUND BALANCE, End of Year	\$ 14,844,213	\$ 870,902	\$ 1,789,100	\$ 17,504,215

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, 2024

Net change in fund balances - total governmental funds \$ 1,640,592

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	\$	517,062	
Fixed asset deletions, net of accumulated depreciation		-	
Depreciation expense		<u>(899,942)</u>	(382,880)

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			241,472
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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			12,260
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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>(255,021)</u>	
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Change in net position of governmental activities \$ 1,256,423

NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	<u>CUSTODIAL FUND</u>
ASSETS	
Cash in Bank	<u>\$ 27,596</u>
TOTAL ASSETS	<u>27,596</u>
NET POSITION	
Restricted for Scholarships	<u>27,596</u>
TOTAL NET POSITION	<u><u>\$ 27,596</u></u>

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, 2024

	CUSTODIAL FUND
ADDITIONS	
Receipts	\$ 27,357
Total Additions	27,357
DEDUCTIONS	
Disbursements	27,000
Total Deductions	27,000
Net Increase (Decrease) in Fiduciary Net Position	357
Net Position- Beginning of the Year	27,239
Net Position- End of the Year	\$ 27,596

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, 2024

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 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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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.

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.

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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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, 2024, 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.

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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

Certified staff of the District receive 10 days each contract year for personal leave and classified staff receive eight days. Personal leave may be accumulated without limit. Upon termination of employment for reasons other than retirement, an employee shall be paid for a maximum of 12 days of accrued personal leave not taken based on the current rate of pay for a substitute. In the event of death, such payment shall be made to the employee’s estate. An employee who is eligible for retirement in accordance with the Public Employees’ Retirement Association shall be paid for one-fourth of all accrued personal leave not taken on the rate of pay for a substitute not to exceed payment for more than 30 days of accrued personal 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.

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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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.

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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.

As of June 30, 2024, fund balances are composed of the following:

	General Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
Nonspendable				
Inventory	\$ -	\$ -	\$ 1,644	\$ 1,644
Restricted				
TABOR 3% Reserve	376,000	-	-	376,000
Debt Service	-	-	527,230	527,230
Capital Projects	-	870,902	-	870,902
	<u>376,000</u>	<u>870,902</u>	<u>527,230</u>	<u>1,774,132</u>
Committed				
GDPG	-	-	25,795	25,795
Food Service	-	-	149,544	149,544
Pupil Activities	-	-	260,220	260,220
Capital Projects	-	-	824,667	824,667
	<u>-</u>	<u>-</u>	<u>1,260,226</u>	<u>1,260,226</u>
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>14,468,213</u>	<u>-</u>	<u>-</u>	<u>14,468,213</u>
Total Fund Balance	<u>\$ 14,844,213</u>	<u>\$ 870,902</u>	<u>\$ 1,789,100</u>	<u>\$ 17,504,215</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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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 2023 have been reclassified to conform to the 2024 financial statement presentation.

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 Food Service Fund exceeded appropriations by \$35,317 during fiscal year 2024. This may be a violation of Colorado Revised Statutes 22-44-115(1).

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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	12,578,235
Cash with Fiscal Agent	870,902
Less: amounts related to Custodial Funds	<u>(27,596)</u>
Total Cash and Cash Equivalents	13,421,793
Investments	
ColoTrust	4,365,211
Money Market - UMB Bank	<u>492,371</u>
Total cash, cash equivalents and investments	<u><u>\$ 18,279,375</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, \$12,069,735 of the District’s bank balance of \$13,095,619 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
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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.colotrust.com. The total COLOTRUST investment was valued at \$4,365,211 at June 30, 2024 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, 2024, consisted of the following:

General Fund	\$ 75,398
Food Service Fund	1,043
	\$ 76,441

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, 2024, the District had \$449,250 due from Federal, State, and Local governments, reflected as due from other governments in the accompanying basic financial statements.

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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, 2024 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental Designated Purpose Grants Fund	\$ 15,731
Capital Reserve Capital Projects Fund	General Fund	37,734
General Fund	Food Service Fund	19,385
		\$ 72,850

Interfund Transfers

Interfund transfers for the year ended June 30, 2024 were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 170,500
Pupil Activity Fund	General Fund	50,000
Capital Reserve Capital Projects Fund	General Fund	350,000
		\$ 570,500

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

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NOTE 7 CAPITAL ASSETS

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

	Balance 06/30/2023	Additions	Deletions	Balance 06/30/2024
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 348,996	\$ -	\$ -	\$ 348,996
Construction in Progress	29,426,885	202,626	29,629,511	-
Total Capital Assets Not Being Depreciated	29,775,881	202,626	29,629,511	348,996
Capital Assets Being Depreciated				
Land Improvements	1,382,478	154,820	-	1,537,298
Buildings	9,505,172	29,715,021	-	39,220,193
Equipment	2,549,154	17,187	-	2,566,341
Vehicles	2,169,304	56,919	-	2,226,223
Total Capital Assets Being Depreciated	15,606,108	29,943,947	-	45,550,055
Less: Accumulated Depreciation For				
Land Improvements	791,969	86,237	-	878,206
Buildings	4,395,690	650,778	-	5,046,468
Equipment	1,494,704	104,861	-	1,599,565
Vehicles	1,506,110	58,066	-	1,564,176
Total Accumulated Depreciation	8,188,473	899,942	-	9,088,415
Net Capital Assets Being Depreciated	7,417,635	29,044,005	-	36,461,640
Total Capital Assets	\$ 37,193,516	\$ 29,246,631	\$ 29,629,511	\$ 36,810,636

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

<i>Governmental Activities</i>	
Instructional Program	\$ 642,805
Student Supporting Services	62,594
General Administration Supporting Services	29,886
Operations and Maintenance of Plant Services	99,476
Student Transportation Services	55,853
Food Services	9,328
Total Depreciation Expense - Governmental Activities	\$ 899,942

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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 \$1,237,707.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2024, were as follows:

	Balance 06/30/2023	Additions	Deletions	Balance 06/30/2024	Due Within One Year
<i>Governmental Activities</i>					
G.O.Bonds Payable	\$5,233,536	\$ -	\$ 241,472	\$4,992,064	\$ 248,600
Compensated Absences	176,090	-	12,260	163,830	6,250
Total Governmental Activities	<u>\$5,409,626</u>	<u>\$ -</u>	<u>\$ 253,732</u>	<u>\$5,155,894</u>	<u>\$ 254,850</u>

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 2025	\$ 248,600	\$ 143,696	\$ 392,296
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	112,563	391,843
FY 2030-2034	1,525,042	432,276	1,957,318
FY 2035-2039	1,763,826	189,968	1,953,794
FY 2040	384,612	-	384,612
	<u>\$ 4,992,064</u>	<u>\$ 1,264,026</u>	<u>\$ 6,256,090</u>

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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/investments/pera-financial-reports.

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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.

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Contributions provisions as of June 30, 2024. 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, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
Employer Contribution Rate	11.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,219,795, for the year ended June 30, 2024.

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

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

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

At June 30, 2024, the District reported a liability of \$15,439,508 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

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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's proportionate share of the net position liability	\$	15,439,508
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the North Conejos School District		338,543
Total	\$	15,778,051

At December 31, 2023, the District's proportion was 0.087%, which was an increase of 0.02% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$345,063 and revenue of \$25,795 for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 732,125	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	1,106,772	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,011,458	809,248
Contributions subsequent to the measurement date	626,845	-
Total	\$ 4,477,200	\$ 809,248

\$626,845 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	\$ 552,058
2026	1,479,055
2027	1,318,593
2028	(308,598)
2029	-
Thereafter	-

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

Actuarial cost method	Entry age
Price inflation	2.30%

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Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

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

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

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

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

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

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

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

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

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

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

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

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%.
- 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.

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- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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	\$ 20,645,191	\$ 15,439,508	\$ 11,098,599

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/investments/pera-financial-reports.

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/investments/pera-financial-reports.

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

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benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure

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

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

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 \$61,049 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$372,802 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District's proportion of

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the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District proportion was 0.052%, which was an increase of 0.0002% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024 the District recognized OPEB expense of (\$90,042). At June 30, 2024, 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	\$ -	\$ 76,409
Net difference between projected and actual earnings on		
OPEB plan investments	11,530	-
Changes of assumptions or other inputs	4,384	39,530
Changes in proportion and differences between contributions		
recognized and proportionate share of contributions	4,950	8,447
Contributions subsequent to the measurement date	31,373	-
Total	\$ 52,237	\$ 124,386

\$31,373 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2025	\$ (49,439)
2026	(25,877)
2027	(7,578)
2028	(15,506)
2029	(4,196)
Thereafter	(926)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

PERACare Medicare plans	7.00% in 2023
	gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035.

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

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

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.20%	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%

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	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 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	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 (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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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

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

- Per capita health care costs in effect as of the December 31, 2022 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

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

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

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

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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 Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$362,102</u>	<u>\$372,802</u>	<u>\$384,441</u>

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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	\$ 440,325	\$ 372,802	\$ 315,035

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

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/investments/pera-financial-reports.

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

investment earnings. For the year ended June 30, 2024, program members contributed \$16,664 for the Voluntary Investment Program. The District does not make matching contributions to this plan.

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, 2024. 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, 2024. 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, 2024

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, CIGNA, 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, 2024. 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, 2023, the District's benefit program administrator is CIGNA.

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, 2024

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.

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, 2024

	<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	\$ 1,037,218	\$ 1,037,218	\$ 1,493,955	\$ 456,737
Intermediate Sources	-	-	-	-
State Sources	9,842,179	9,842,179	10,321,966	479,787
Federal Sources	424,398	511,305	827,118	315,813
TOTAL REVENUES	<u>11,303,795</u>	<u>11,390,702</u>	<u>12,643,039</u>	<u>1,252,337</u>
EXPENDITURES				
Instructional Program	6,770,084	6,799,784	6,653,842	145,942
Student Supporting Services	263,742	263,742	112,368	151,374
Instructional Staff Supporting Services	262,501	262,501	237,524	24,977
General Administration Supporting Services	913,726	913,726	790,685	123,041
School Administration Supporting Services	736,731	736,731	705,325	31,406
Business Supporting Services	98,000	98,000	87,330	10,670
Operations and Maintenance of Plant Services	962,418	962,418	868,823	93,595
Student Transportation Services	601,785	601,785	433,077	168,708
Central Supporting Services	474,308	474,308	387,488	86,820
TOTAL EXPENDITURES	<u>11,083,295</u>	<u>11,112,995</u>	<u>10,276,462</u>	<u>836,533</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>220,500</u>	<u>277,707</u>	<u>2,366,577</u>	<u>2,088,870</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	<u>(220,500)</u>	<u>(277,707)</u>	<u>(570,500)</u>	<u>(292,793)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(220,500)</u>	<u>(277,707)</u>	<u>(570,500)</u>	<u>(292,793)</u>
Net Change in Fund Balance	-	-	1,796,077	1,796,077
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>13,048,136</u>	<u>13,048,136</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,844,213</u>	<u>\$ 14,844,213</u>

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 THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA PENSION PLAN
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0873%	0.0685%	0.0790%	0.0893%	0.0809%	0.0826%	0.1050%	0.1098%	0.1139%	0.1205%
District's proportionate share of the net of the net pension liability (asset)	\$ 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	\$ 16,327,262
State's proportionate share of the net pension liability (asset) associated with the District	338,543	3,634,251	1,054,360	-	1,533,676	1,999,480	-	-	-	-
Total	\$ 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	\$ 16,327,262
District's covered payroll	\$ 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	\$ 5,046,683
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	267%	235%	186%	283%	254%	321%	701%	663%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%

*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>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>	<u>2015</u>
Contractually required contribution	\$ 1,219,795	\$ 1,131,279	\$ 1,015,566	\$ 952,309	\$ 957,148	\$ 835,170	\$ 908,251	\$ 901,605	\$ 877,676	\$ 847,190
Contributions in relation to the contractually required contribution	<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>	<u>(847,190)</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	\$ 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	\$ 5,018,478
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%

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,

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	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)	\$ 372,802	\$ 424,573	\$ 444,968	\$ 491,095	\$ 594,355	\$ 730,240	\$ 775,100	\$ 809,205
District's covered payroll	\$ 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	6%	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	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,

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 61,049	\$ 56,619	\$ 52,106	\$ 48,861	\$ 50,376	\$ 44,531	\$ 49,059	\$ 50,029
Contributions in relation to the contractually required contribution	<u>(61,049)</u>	<u>(56,619)</u>	<u>(52,106)</u>	<u>(48,861)</u>	<u>(50,376)</u>	<u>(44,531)</u>	<u>(49,059)</u>	<u>(50,029)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 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%

**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, 2024

NOTE 1 PENSION PLAN - COLORADO PERA SCHDTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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

2015 – no changes

2014 – no changes

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

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%.

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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- 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%.
- 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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- 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.

2015

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 – no changes

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

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

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 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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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

2023 – no changes

2022

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

2021 – no changes

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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- 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.

Food Service Fund - This fund is used to account for the operations of the school breakfast and lunch programs.

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, 2024

	<u>SPECIAL REVENUE FUNDS</u>				CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS
	GOVERNMENTAL			DEBT SERVICE FUND		
	DESIGNATED PURPOSE GRANTS FUND	FOOD SERVICE FUND	PUPIL ACTIVITY FUND			
ASSETS						
Cash and Cash Equivalents	\$ 64,616	\$ 230,494	\$ 260,220	\$ -	\$ 262,534	\$ 817,864
Investments	-	-	-	492,371	548,574	1,040,945
Accounts Receivable	-	1,043	-	-	-	1,043
Property Tax Receivable	-	-	-	22,198	-	22,198
Due From Other Governments	75,659	-	-	34,859	1,610	112,128
Due From Other Funds	-	-	-	-	37,734	37,734
Inventory	-	1,644	-	-	-	1,644
TOTAL ASSETS	\$ 140,275	\$ 233,181	\$ 260,220	\$ 549,428	\$ 850,452	\$ 2,033,556
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ (774)	\$ (1,092)	\$ -	\$ -	\$ 25,785	\$ 23,919
Accrued Salaries and Benefits	65,502	63,072	-	-	-	128,574
Due to Other Funds	15,731	19,385	-	-	-	35,116
Unearned Grant Revenue	34,021	628	-	-	-	34,649
TOTAL LIABILITIES	114,480	81,993	-	-	25,785	222,258
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Tax	-	-	-	22,198	-	22,198
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	22,198	-	22,198
FUND BALANCE						
Nonspendable	-	1,644	-	-	-	1,644
Restricted	-	-	-	527,230	-	527,230
Committed	25,795	149,544	260,220	-	824,667	1,260,226
TOTAL FUND BALANCE	25,795	151,188	260,220	527,230	824,667	1,789,100
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 140,275	\$ 233,181	\$ 260,220	\$ 549,428	\$ 850,452	\$ 2,033,556

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, 2024

	<u>SPECIAL REVENUE FUNDS</u>				CAPITAL RESERVE	TOTAL NONMAJOR FUNDS
	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	FOOD SERVICE FUND	PUPIL ACTIVITY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	
REVENUES						
Local Sources	\$ -	\$ 78,970	\$ 329,994	\$ 408,302	\$ 29,435	\$ 846,701
State Sources	102,719	135,915	-	-	-	238,634
Federal Sources	401,486	412,651	-	-	-	814,137
TOTAL REVENUES	<u>504,205</u>	<u>627,536</u>	<u>329,994</u>	<u>408,302</u>	<u>29,435</u>	<u>1,899,472</u>
EXPENDITURES						
Instructional Program	350,351	-	-	-	-	350,351
Student Supporting Services	92,891	-	374,060	-	-	466,951
Instructional Staff Supporting Services	40,344	-	-	-	-	40,344
General Administration Supporting Services	20,619	-	-	-	-	20,619
Operations and Maint. of Plant Services	-	-	-	-	106,259	106,259
Food Service Operations	-	783,860	-	-	-	783,860
Facilities Acq. and Const. Services	-	-	-	-	275,963	275,963
Debt Service	-	-	-	378,484	-	378,484
TOTAL EXPENDITURES	<u>504,205</u>	<u>783,860</u>	<u>374,060</u>	<u>378,484</u>	<u>382,222</u>	<u>2,422,831</u>
Excess (deficiency) of						
Revenues over Expenditures	-	(156,324)	(44,066)	29,818	(352,787)	(523,359)
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	-	170,500	50,000	-	350,000	570,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>170,500</u>	<u>50,000</u>	<u>-</u>	<u>350,000</u>	<u>570,500</u>
Net Change in Fund Balance	-	14,176	5,934	29,818	(2,787)	47,141
Fund Balance, Beginning of Year	<u>25,795</u>	<u>137,012</u>	<u>254,286</u>	<u>497,412</u>	<u>827,454</u>	<u>1,741,959</u>
Fund Balance, End of Year	<u>\$ 25,795</u>	<u>\$ 151,188</u>	<u>\$ 260,220</u>	<u>\$ 527,230</u>	<u>\$ 824,667</u>	<u>\$ 1,789,100</u>

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, 2024

	<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	\$ 50,238	\$ 50,238	\$ -	\$ (50,238)
State Sources	79,104	79,104	102,719	23,615
Federal Sources	446,856	457,358	401,486	(55,872)
TOTAL REVENUES	<u>576,198</u>	<u>586,700</u>	<u>504,205</u>	<u>(82,495)</u>
EXPENDITURES				
Instructional Program	329,042	339,544	350,351	(10,807)
Student Supporting Services	153,533	153,533	92,891	60,642
Instructional Staff Supporting Services	72,739	72,739	40,344	32,395
General Administration Supporting Services	20,884	20,884	20,619	265
TOTAL EXPENDITURES	<u>576,198</u>	<u>586,700</u>	<u>504,205</u>	<u>82,495</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>25,795</u>	<u>25,795</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,795</u>	<u>\$ 25,795</u>

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, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 96,183	\$ 96,183	\$ 78,970	\$ (17,213)
State Sources	6,700	6,700	135,915	129,215
Federal Sources	377,759	385,160	412,651	27,491
TOTAL REVENUES	<u>480,642</u>	<u>488,043</u>	<u>627,536</u>	<u>139,493</u>
EXPENDITURES				
Instructional Program	-	-	-	-
Supporting Services				
Food Services				
Salaries	270,071	270,071	265,794	4,277
Fringe Benefits	142,589	142,589	122,814	19,775
Purchased Professional Services	-	-	(8)	8
Other Purchased Services	-	-	-	-
Supplies	238,482	335,883	395,260	(59,377)
TOTAL EXPENDITURES	<u>651,142</u>	<u>748,543</u>	<u>783,860</u>	<u>(35,317)</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>(170,500)</u>	<u>(260,500)</u>	<u>(156,324)</u>	<u>104,176</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>170,500</u>	<u>170,500</u>	<u>170,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>170,500</u>	<u>170,500</u>	<u>170,500</u>	<u>-</u>
Net Change in Fund Balance	-	(90,000)	14,176	104,176
Fund Balance, Beginning of Year	<u>-</u>	<u>137,012</u>	<u>137,012</u>	<u>274,024</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 47,012</u>	<u>\$ 151,188</u>	<u>\$ 104,176</u>

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, 2024

	<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	\$ 405,000	\$ 329,994	\$ (75,006)
TOTAL REVENUES	<u>305,000</u>	<u>405,000</u>	<u>329,994</u>	<u>(75,006)</u>
EXPENDITURES				
Student Support Services	<u>340,000</u>	<u>440,000</u>	<u>374,060</u>	<u>65,940</u>
TOTAL EXPENDITURES	<u>340,000</u>	<u>440,000</u>	<u>374,060</u>	<u>65,940</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>(35,000)</u>	<u>(35,000)</u>	<u>(44,066)</u>	<u>(9,066)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>35,000</u>	<u>35,000</u>	<u>50,000</u>	<u>15,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>35,000</u>	<u>35,000</u>	<u>50,000</u>	<u>15,000</u>
Net Change in Fund Balance	-	-	5,934	5,934
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>254,286</u>	<u>254,286</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,220</u>	<u>\$ 260,220</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, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 500,000	\$ 395,966	\$ 408,302	\$ 12,336
TOTAL REVENUES	<u>500,000</u>	<u>395,966</u>	<u>408,302</u>	<u>12,336</u>
EXPENDITURES				
Debt Service	<u>500,000</u>	<u>395,966</u>	<u>378,484</u>	<u>17,482</u>
TOTAL EXPENDITURES	<u>500,000</u>	<u>395,966</u>	<u>378,484</u>	<u>17,482</u>
Net Change in Fund Balance	-	-	29,818	29,818
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>497,412</u>	<u>497,412</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 527,230</u>	<u>\$ 527,230</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, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 3,960	\$ 22,000	\$ 29,435	\$ 7,435
State Sources	-	-	-	-
TOTAL REVENUES	<u>3,960</u>	<u>22,000</u>	<u>29,435</u>	<u>7,435</u>
EXPENDITURES				
Current Expenditures				
Operation and Maint. of Plant and Equip	106,259	106,259	106,259	-
Debt Service	-	-	-	-
Facilities Acquisition and Const. Services	547,701	393,741	275,963	117,778
TOTAL EXPENDITURES	<u>653,960</u>	<u>500,000</u>	<u>382,222</u>	<u>117,778</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(650,000)	(478,000)	(352,787)	125,213
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	650,000	478,000	350,000	(128,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>650,000</u>	<u>478,000</u>	<u>350,000</u>	<u>(128,000)</u>
Net Change in Fund Balance	-	-	(2,787)	(2,787)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>827,454</u>	<u>827,454</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,667</u>	<u>\$ 824,667</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, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
State Sources	\$ 1,258,093	\$ 400,000	\$ -	\$ (400,000)
TOTAL REVENUES	<u>1,258,093</u>	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>
EXPENDITURES				
Facilities Acquisition and Const. Services	1,258,093	400,000	202,626	197,374
TOTAL EXPENDITURES	<u>1,258,093</u>	<u>400,000</u>	<u>202,626</u>	<u>197,374</u>
Net Change in Fund Balance	-	-	(202,626)	(202,626)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>1,073,528</u>	<u>1,073,528</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 870,902</u>	<u>\$ 870,902</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, 2024

	<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>
ADDITIONS				
Receipts	\$ 25,000	\$ 30,000	\$ 27,357	\$ (2,643)
TOTAL ADDITIONS	<u>25,000</u>	<u>30,000</u>	<u>27,357</u>	<u>(2,643)</u>
DEDUCTIONS				
Disbursements	<u>25,000</u>	<u>30,000</u>	<u>27,000</u>	<u>3,000</u>
TOTAL DEDUCTIONS	<u>25,000</u>	<u>30,000</u>	<u>27,000</u>	<u>3,000</u>
Net Change in Fiduciary Net Position	-	-	357	357
Net Position, Beginning of Year	<u>-</u>	<u>-</u>	<u>27,239</u>	<u>27,239</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,596</u>	<u>\$ 27,596</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, 2024

<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	\$ 71,272
National School Lunch Program	10.555	Colorado Department of Education, 4555/6555	265,021
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	37,967
<i>Total Child Nutrition Cluster</i>			<u>374,260</u>
<i>Forest Service 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	127,717
<i>Total Forest Service Schools and Roads Cluster</i>			<u>127,717</u>
<i>Total All Clusters</i>			<u>501,977</u>
<i>Other Programs</i>			
U.S. Department of Agriculture			
Child Nutrition Discretionary Grants Limited Availability	10.579	Colorado Department of Human Services, 8579	38,391
Pandemic EBT Administrative Costs	10.649	Colorado Department of Education, 4649	653
<i>Total U.S. Department of Agriculture</i>			<u>39,044</u>
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010/5010	296,476
Career and Technical Education - Basic Grants to States	84.048	Colorado Community College System, 4048	40,223
Rural Education	84.358	Colorado Department of Education, 6358	34,861
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	47,892
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	22,257
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4420	4,807
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/9414	603,718
COVID-19 Education Stabilization Fund	84.425R	Colorado Department of Education, 6427	50,000
<i>Total U.S. Department of Education</i>			<u>1,100,234</u>
<i>Total Other Programs</i>			<u>1,139,278</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,641,255</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

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 de minimis indirect cost rate as allowed under Uniform Guidance for the year ended June 30, 2024. 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, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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, 2024, 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 02, 2024.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 that we consider to be a material weakness.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Compliance and Other Matters

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

District's Response to 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 02, 2024

**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

Qualified Opinion

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, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Education Stabilization Fund Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, 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 the Education Stabilization Fund program for the year ended June 30, 2024.

Basis for Qualified Opinion

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 qualified 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.

Matter(s) Giving Rise to Qualified Opinion on the Education Stabilization Fund Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Education Stabilization Fund Program as described in Finding 2024-002

Certified Public Accountants

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for Reporting. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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.

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2024-002 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 02, 2024

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___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? ___yes ___X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___X___yes ___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:

Qualified

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

___X___yes ___no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 Education Stabilization Fund
84.425R	COVID-19 Education Stabilization Fund
84.425U	COVID-19 Education Stabilization Fund

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 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)

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over budgeting, the application of accounting principles, grant reconciliation, and financial statement preparation.

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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

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

1. Audit adjustments were proposed to properly state the financial statements as of June 30, 2024, in accordance with generally accepted accounting principles.
2. Grant activity was not properly reconciled at year-end, resulting in additional reconciliations during the audit.
3. Expenditures in the Food Service Fund exceeded appropriations by \$35,317, during fiscal year 2024. This may be a violation of Colorado Revised Statutes 22-44-115(1).

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.

Management's Response: See Corrective Action Plan

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)

Criteria: Section 2001 of the American Rescue Plan (ARP) Act requires grantees and sub-grantees receiving funding under the Education Stabilization Fund (ESF) to submit an annual financial report. Annual reports shall be supported by underlying accounting or performance records and are fairly presented in accordance with program requirements.

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.

Cause: The District does not have a complete system of internal controls that provides for the review and accurate completion of the Annual Financial Report.

Questioned Costs: None

Effect: The Annual Financial Report contained errors and was not in compliance with the financial reporting requirements of the ARP Act.

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

Management's Response: See Corrective Action Plan.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

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

Type of finding: Internal Control (material weakness)

Condition/Cause: The District has not implemented a complete system of internal control to prevent and detect all financial misstatements, update fixed asset activity, reconcile grant activity to the general ledger, and to ensure compliance with Colorado Revised Statutes.

Recommendation: The District should improve internal controls with adopted policies and procedures to include a review process of year-end reconciliations and adjusting journal entries to ensure the financial statements are properly stated, grants are reconciled to the general ledger, and fixed assets are updated correctly. 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 2024-001.



North Conejos School District RE 1-J



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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, 2024.

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, 2024

The findings from the June 30, 2024 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 2024-001: Internal Control Over Financing Reporting
(Repeat of Finding 2023-001, 2022-001, 2021-001, and 2020-001)**

Type of finding: Internal Control (material weakness)

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.

Action Taken: The District will improve internal controls concerning adopted policies and procedures by initiating the following actions;

- a) In the monthly Budget/Finance meetings, the Finance Director, Federal Programs Director, and Superintendent will establish on the meeting agenda a time to review current policies and procedures. This review will include an assessment of reconciliations on a monthly basis and the current progress toward ensuring they are reconciled to the general ledger, and financial statements are prepared and properly stated in a timely manner.



North Conejos School District RE 1-J



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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)

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

Action Taken: The District will strengthen its internal controls in accordance to adopted policies and procedures in the area of federal grant reporting by initiating the following actions;

- a) In the monthly Budget/Finance Meetings, the Finance Director, Federal Programs Director and Superintendent will devote additional time to the review of federal programs. This review will include establishing a quarterly assessment of the district's progress in improving the accuracy of reporting on federal programs.

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 2023-24
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	13,048,134	12,072,539	10,276,461	14,844,213
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	13,048,134	12,072,539	10,276,461	14,844,213
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	137,011	798,037	783,861	151,187
22 Govt Designated-Purpose Grants Fund	25,793	504,206	504,205	25,794
23 Pupil Activity Special Revenue Fund	254,286	379,994	374,060	260,220
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	497,413	408,302	378,485	527,230
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,073,528	0	202,626	870,902
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	827,454	379,435	382,222	824,668
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	15,863,619	14,542,513	12,901,919	17,504,213
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	27,239	27,357	27,000	27,596
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	27,239	27,357	27,000	27,596

FINAL